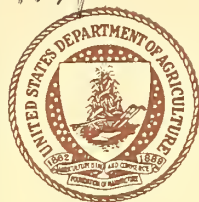


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U.S. Department of Agriculture

VOL. 4

1975 BUDGET EXPLANATORY NOTES

PL. 94-412, Sec. 204
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DEPARTMENTAL ADMINISTRATION

SUPPLEMENT TO VOL. 1

C O N T E N T S

(Volume 4)

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OFFICE OF THE SECRETARY

Purpose Statement

The Secretary of Agriculture, assisted by the Under Secretary, the Assistant Secretaries, members of their immediate staffs, and the Departmental staff offices, directs and coordinates the work of the Department. This includes developing policy, maintaining relationships with agricultural organizations and others in the development of farm programs, and maintaining liaison with the Executive Office of the President and members of Congress on all matters pertaining to agricultural policy.

Activities carried out by Departmental staff offices include:

- Overall administration of the budgetary and fiscal affairs of the Department;
- Staff and support services to agency programs in the management of real and personal property, procurement, contracts, and other administrative functions;
- Leadership in planning and administering the Department's management program including the effective use of automatic data processing equipment;
- The personnel management program of the Department;
- The activities of the administrative law judges, the judicial officer, and the hearing clerk unit;
- Coordination and supervision of the Department's equal opportunity responsibilities; and
- General direction and supervision of the Department's information program.

The general authority of the Secretary to supervise and control the work of the Department is contained in the Organic Act (7 U.S.C. 2201 - 2202).

Central Services. In addition to the staff activities indicated above, the Office of the Secretary provides certain central services to the agencies of the Department. These services are financed under the Department's Working Capital Fund (7 U.S.C. 2235) and include personnel, payroll, supply, reproduction, visual information and computer services. A detailed explanation of these activities is presented at the end of this section in the Working Capital Fund section.

Geographic Location. The Secretary's Office and the staff offices financed from this appropriation are all located in Washington, D. C. Central services are provided by the National Finance Center located in New Orleans and by the Department's computer centers located in Washington, Kansas City, New Orleans, Minneapolis, and Fort Collins, Colorado. In addition, a representative of the Secretary is stationed with each Federal Regional Council. These are located in Boston, New York, Philadelphia, Atlanta, Chicago, Dallas, Kansas City, Denver, San Francisco, and Seattle.

Reorganization. Secretary's Memorandum No. 1836 directed the transfer of all functions and responsibilities relating to accounting, budget, administrative and personnel services formerly provided by the Office of Management Services for the Office of the Secretary to the Departmental staff offices. In addition, a minimum amount of review work will be transferred to budgetary and financial administration from the Office of the Inspector General. All employees involved in this reorganization are located in Washington, D. C.

Available Funds and Man-Years
1973 and Estimated, 1974 and 1975

Item	Actual 1973		Estimated Available 1974		Budget Estimate 1975	
	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years
Office of the Secretary	\$11,224,000:	455:	\$11,561,100	509:	\$14,054,100:	527
Obligations under other USDA appropriations:						
For travel and other expenses of administrative law judges in conducting regulatory hearings	13,448:	-	25,000	-	25,000:	-
Health and other miscellaneous services for agencies of the Department:	203,292:	7:	267,800	10:	267,800:	10
Consideration of formal employee grievances and adverse action appeals for agencies of the Department:	57,330:	3:	93,000	4:	93,000:	4
Upward Mobility Program ..	11,162:	1:	104,000	7:	104,000:	7
Agricultural Research Service for pesticides information	24,033:	-	25,000	-	25,000:	-
Visitor Information Center	22,240:	2:	20,000	2:	20,000:	2
Working Capital Fund:						
Centralized supply, duplicating, mail and communications services	4,450,144:	219:	5,131,171	219:	5,712,171:	219
Central defense programs	38,836:	1:	30,000	1:	65,000:	1
National Finance Center .	9,817,548:	405:	14,292,253	638:	17,819,253:	805
Employee training programs	165,942:	2:	195,250	3:	195,250:	3
Management and ADP systems 1/	7,739,229:	209:	15,253,512	426:	16,186,512:	426
Central visual production services	2,464,829:	74:	2,459,123	73:	2,772,123:	73
Total, Working Capital Fund	24,676,528:	910:	37,361,309	1,360:	42,750,309:	1,527
Total, Other USDA appropriations	25,008,033:	923:	37,896,109	1,383:	43,285,109:	1,550
Total, Agricultural Appropriation Bill	36,232,033:	1,378:	49,457,209	1,892:	57,339,209:	2,077
Other Funds:						
Federal sources	249,939:	6:	339,100	10:	339,100:	10
Non-Federal sources	77,316:	-	72,700	-	72,700:	-
Total, Office of the Secretary	36,559,288:	1,384:	49,869,009	1,902:	57,751,009:	2,087
	1973 Actual		1974 Estimated		1975 Estimated	
End-of-Year Employment:						
Permanent full-time	1,423		1,810		1,810	
Other	171		99		99	
Total	1,594		1,909		1,909	

1/ The Washington Data Processing Center, SRS, was transferred to the Office of Information Systems October 1, 1972. Related data processing work performed prior to that date is included as follows: FY 1973, \$954,000 and 24 man-years.

OFFICE OF THE SECRETARY

Appropriation Act, 1974	\$10,822,000
Budget Estimate, 1975 <u>a/</u>	<u>14,054,100</u>
Increase in Appropriation	+3,232,100

Adjustments in 1974:

Appropriation Act, 1974	\$10,822,000	
Activities transferred from the Office of Management Services <u>b/</u>	+65,100	
Activities transferred to the Economic Research Service <u>c/</u>	-9,000	
1974 Supplemental Appropriation for pay costs ...	<u>+683,000</u>	
Adjusted base for 1975		11,561,100
Budget Estimate, 1975		<u>14,054,100</u>
Increase over adjusted 1974		+2,493,000

a/ The budget request for the Office of the Secretary is combined in the fiscal year 1975 budget with the request for all offices in Departmental Administration. These include the Office of General Counsel, Office of Audit and Office of Investigation (formerly Office of the Inspector General), and the Office of Management Services.

b/ On June 23, 1973, the information services, which had been performed on a centralized basis by the Office of Management Services for a number of smaller USDA agencies, were transferred from OMS to the agencies involved.

c/ On December 23, 1973, one position was transferred from the Office of Communication to the Economic Research Service.

SUMMARY OF INCREASES
(On basis of adjusted appropriation)

	<u>1974</u>	<u>Increase</u>	<u>1975</u> <u>Estimate</u>
Office of the Secretary:			
To provide funding for full staffing on the Federal Regional Councils ..	\$1,259,430	+ \$436,000	\$ 1,695,430
Equal opportunity:			
For contract compliance activities	1,882,600	+171,000	2,053,600
Information services:			
For bicentennial projects and for printing, penalty mail, and tele- communications costs	3,085,100	+851,000	3,936,100
GSA space rental costs	- -	+922,000	922,000
Annualization of the pay cost increase effective in FY 1974	683,000	+113,000	796,000
All other	4,650,970	- -	4,650,970
Total available	11,561,100	+2,493,000	14,054,100

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1973	1974 (estimated)	Increases	1975 (estimated)
1. Program and policy direction and coordination:				
(a) Office of the Secretary and: Under Secretary	\$1,510,499	\$1,330,430	+ \$637,000(1)	\$1,967,430
(b) Assistant Secretaries	574,293	489,335	+88,000(2)	577,335
2. Budgetary and financial admini- stration	1,113,860	1,209,950	+115,000(3)	1,324,950
3. General operations	821,272	997,637	+85,000(4)	1,082,637
4. Management and ADP Systems	531,199	584,335	+45,000(5)	629,335
5. Personnel Administration	1,063,148	1,321,343	+128,000(6)	1,449,343
6. Regulatory hearings and deci- sions	347,508	393,370	+30,000(7)	423,370
7. Equal opportunity	1,563,995	2,008,600	+287,000(8)	2,295,600
8. Information services	2,976,074	3,226,100	1,078,000(9)	4,304,100
Unobligated balance	722,152	- -	- -	- -
Total available or estimate	11,224,000	11,561,100	2,493,000	14,054,100
Transfer from OMS (Information) ...	- -	-65,100		
Transfer to ERS	- -	+9,000		
Proposed Supplemental for pay increase costs	- -	-683,000		
Total, appropriation	11,224,000	10,822,000		

EXPLANATION OF PROGRAM

This appropriation provides funding for the following activities:

Program and Policy Direction and Coordination. This activity includes the Secretary, Under Secretary, Assistant Secretaries and their immediate staffs who provide top policy guidance for the Department.

Budgetary and Financial Administration. This activity includes all staff services related to the acquisition and distribution of funds, fiscal policies and systems, legislative and financial reporting, and related matters.

General Operations. This activity includes all staff and support services to agency programs in the management of real and personal property, contracts, grants, agreements, business assistance, supply transportation, motor vehicles, telecommunications, physical security, correspondence, records and mail; and operates central supply, printing, composing, copier, mail and messenger services for agencies in Washington, D. C.

Management and ADP Systems. This activity includes leadership in planning, administering and evaluating the Department's management program; appraisals of management activities and operating policies of the Department to achieve more effective and lower cost approaches to the conduct of business; design of management systems; and development of guidelines for a comprehensive data processing program for the Department.

Personnel Administration. This activity includes responsibility for the personnel management program of the Department; leadership, supervision and coordination of classification and standards; salary and wage administration; employment and manpower planning; personnel and records security; standards of employee conduct, discipline; employee relations; employee appeals; employee development; program evaluation; health, safety and welfare; incentive awards; labor-management relations; personnel legislation; employee fringe benefits; equal employment opportunity programs, and other personnel activities.

In FY 1974, the Congress provided an increase of \$145,000 for equal employment opportunity to carry out the additional responsibilities contained in P.L. 92-261.

Public Law 92-261, the Equal Employment Opportunity Act of 1972, requires that all Federal personnel actions be free from discrimination and that each Federal department and agency provide for comprehensive affirmative action in implementing the EEO programs. In order to accomplish these objectives in USDA, a full-time EEO staff has been established within the Office including a Federal Woman's Program Coordinator, a Coordinator for the 16 Point Program for Spanish Speaking Americans, together with other EEO program specialists and clerical support.

The primary mission of the EEO Staff is to provide overall policy guidance, leadership, and coordination to departmentwide efforts in equal employment opportunity.

The Office is also responsible for direction and coordination of the Department's Upward Mobility Program. Three of the four components of the Department's Upward Mobility Program are operational: 63 employees are enrolled in adult basic education classes leading to the GED examination; 95 positions have been designated by the agencies for use in Operation Upgrade which is intended to help employees move into administrative, technical or para-professional positions through skills training; and 81 positions have been designated by the agencies for use in the Career Opportunities component which is designed to provide educational experiences necessary to qualify for professional status. The College Study Program component will be implemented by June 1974.

Regulatory Hearings and Decisions. This activity includes the work of the Administrative Law Judges and of the Judicial Officer. The Administrative Law Judges carry out the provisions of the Administrative Procedure Act relating to the holding of hearings (5 U.S.C. 556). Hearings are held in connection with prescribing of new regulations and orders, and on disciplinary complaints filed by the Department, or on petitions filed by private parties asking relief from some action of the Department.

The Judicial Officer renders final administrative decisions in regulatory proceedings, and is responsible for preparing "Agriculture Decisions", a monthly publication containing decisions in connection with all quasi-judicial functions and administrative hearings of the Department.

The Hearing Clerk Unit, which operates under the Judicial Officer is responsible for receiving, filing and acknowledging the receipt of complaints, petitions, answers, briefs, arguments, and other documents filed with the Department of Agriculture in connection with quasi-judicial and administrative proceedings under various regulatory laws administered by the Department.

Equal Opportunity. The Civil Rights Act of 1964 and subsequent Executive Orders require program and policy direction in the development and enforcement of Department equal opportunity responsibilities. This involves review, analysis, and evaluation of agency programs and operations to determine compliance with policies, rules, and regulations of the Department and the Federal Government. It also involves the processing of complaints of discrimination in the execution of the Department's programs and the coordination of enforcement of the contract compliance requirements of Executive Order 11246.

Information Services. This activity involves general direction and supervision of all publications and other information policies and activities of the Department including the final review, illustrating, printing and distribution of publications clearance and release of press, radio, television, and magazine materials; maintenance of central files of news and general illustration-type photographs and color slides; and the preparation and distribution of exhibits and motion pictures. It publishes the Yearbook of Agriculture, the annual report of the Secretary of Agriculture, and the Department List of Publications; handles the details of distributing farmers' bulletins allotted to Members of Congress; and services letter and telephone requests for general information received in the Department.

JUSTIFICATION OF INCREASES

(1) An increase of \$637,000 for the Office of the Secretary and Under Secretary consisting of:

GSA space rental costs	\$189,000
Annualization of pay cost increases effective in fiscal year 1974	12,000
Federal regional council representation	436,000

Need for Increase. On July 23, 1973 the President signed Executive Order 11731 giving USDA full membership on the Federal Regional Councils. These Councils are designed to improve coordination between Federal, State, and local governments. Membership requires that the Department assign a full-time representative of the Secretary to each Council.

Plan of Work. At present the Department has assigned a representative to each of the ten Councils. Five representatives are paid from funds transferred from GSA for emergency preparedness activities. The remaining five are being paid temporarily from USDA agency funds. The requested increase would provide permanent funding for these latter representatives.

(2) An increase of \$287,000 for equal opportunity consisting of:

GSA space rental costs	\$95,000
Annualization of pay cost increases effective in fiscal year 1974	21,000
Expansion of the contract compliance program	171,000

Need for Increase. On January 1, 1970, the Office of Federal Contract Compliance assigned to the Department of Agriculture responsibility for compliance reviews of all contractors in the Commercial and Noncommercial farms, Agricultural Services, Food and Kindred Products, and Tobacco Manufacturers Industries. On October 12, 1970, an additional assignment was made which includes parts of the wholesale and retail trade dealing with food and other agricultural commodities.

Based on the above industrial assignments, the total number of reviewable facilities is 18,571. A total of 7,074 facilities employing 100 or more employees have been selected for coverage during the ongoing compliance review of industrial contractors. An onsite review consists of an indepth analysis of personnel practices to assure nondiscriminatory employment and treatment after hiring of all persons.

Where contracts exceed \$1 million, preaward onsite compliance reviews must be conducted. Preaward reviews constitute an estimated eight percent of the contractors reviewed under the Department's industrial assignment.

Contractors reviewed during the onsite review program formulate goal commitments to improve the utilization of minorities and females and to take definitive action to meet their equal employment opportunity obligations. The goals and commitments are incorporated in the contractor's written Affirmative Action Programs. The program goals are projected to cover the 12 month period subsequent to the onsite review. At the conclusion of the 12 month period of the plan, the Contract Compliance Division should monitor contractor achievements and request the submission of an updated plan for the next 12 months.

Additional staff is needed to evaluate the updated plans, to monitor contractor achievements, and to increase the number of onsite reviews to be conducted in the ongoing program.

In the construction industry, the Department dealing directly with the individual contractor, is responsible for compliance with the executive order. Presently, USDA agencies (ARS, FHA, FS, SCS) have a total of 1,912 construction contracts (\$10,000 or over) with a dollar value of \$470,630,000. The Office of Federal Contract Compliance has developed and established specific "goal" plans in 53 areas known as "Hometown Plans" and six areas are covered by "Imposed Plans" (i.e., Philadelphia Plan). The Office of Federal Contract Compliance issued bid conditions covering construction contracts in 43 plan areas establishing ranges for minority utilization in certain trades and crafts. The Office of Federal Contract Compliance guidelines for enforcement of Executive Order 11246 in the construction industry require three onsite reviews during varying stages of construction on projects in plan areas where bid conditions have been issued.

Plan of Work. An increase of \$171,000 for Fiscal Year 1975 will bring the Contract Compliance Division to a total of 58 employees, an increase of eight persons over fiscal year 1974.

The additional staff will permit almost 1,800 compliance reviews including the monitoring and analysis of 515 contractor Affirmative Action Programs already subject to renewal and updating, 760 onsite reviews, and over 500 followup desk reviews.

- (3) An increase of \$1,078,000 for information services, consisting of:
- (a) GSA space rental costs \$202,000
 - (b) Annualization of pay cost increases effective in
fiscal year 1974 25,000
 - (c) An increase of \$532,000 for preparation of material for bicentennial
in 1976.

Need for Increase. The Bicentennial Era presents an excellent opportunity to record through photographs, paintings, demonstrations and exhibits the enormous contributions of agriculture to the American way of life. The bicentennial proposals are structured to accomplish a twofold purpose. The core of the proposal and the first project is the execution of a comprehensive pictorial photographic survey of the quality status of American agriculture as the nation enters its third century. The photographic phase will include all aspects of agriculture, all seasons, all regions. Results of the photographic phase will be collected, edited, organized, catalogued, and made available for use in a project which celebrates American agriculture from 1776 to 1976. This is a traveling exhibition which will take American agriculture to urban, rural, national and local centers through photography.

Ancillary benefits of the projects are educational slide sets, filmstrips, TV and radio spots, press picture stories and other published material. Local agricultural groups will use the exhibition as a focal point for conferences and related activities.

Plan of Work. The plan of work focuses primarily on a Bicentennial project known as the Face of Rural America.

This exhibit will portray the vibrant lifestyles of today's rural Americans. It will bring before the young generation the legacy - and triumph - from efforts of the pioneers to America's agricultural accomplishments of today.

The exhibit will depict the great renewal of interest in rural living among city dwellers from coast to coast.

The Bicentennial Face of Rural America exhibit will include some 150 color and black and white photographs ranging in size from 8x10 to wall-size photo murals. Requirements include independent modular structures, suitable hanging devices, interior light fixtures, text panels and, in some cases, special flooring.

The opening of the exhibition is scheduled for 1976 for the Patio, Administration Building, USDA, Washington, D.C. There, the original of four duplicate exhibitions will be shown throughout the Bicentennial summer.

The other three exhibits will be circulated among the 50 land grant colleges and universities, the 17 "1890" colleges, art galleries, and a selective geographically balanced group of State fairs such as the Minnesota State Fair, 1 million attendance; Los Angeles County Fair, 1 million; Iowa State Fair, 700,000; Science and Industry Museum in Chicago for 90 days, and the remainder of the tour will include smaller but well-attended State fairs, such as the Wisconsin State Fair, Milwaukee; Louisiana State Fair, New Orleans, and others.

Based on the Photo/Art Exhibit, a slide show of some 200 frames, running 20 minutes, with narration, music and sound effects, will be available through the USDA's slide set and filmstrip program for purchase only to schools, civic groups, businesses, and other interested groups. The slide set will include narration on cassette with pulses to change slides automatically.

In support of the Photo/Art Exhibit, USDA will offer a visitor's pamphlet, poster, flyer, along with press releases and radio and television public service spots compatible with local groups who will use the exhibition as a focal point for conventions, meetings and agriculture information seminars.

Also included in this increase are plans to participate with the Smithsonian Institution and the National Park Service in the Mall Festival scheduled during the summer months of 1976. Through the cooperation of agricultural associations representing American industry, exhibits will be designed, constructed and operated. These will support and enhance the theme of the Festival. Participation will also be encouraged from rural craftsmen who are members of craft cooperatives. Youth groups such as 4-H Clubs and Future Farmers of America also will be invited to exhibit and give demonstrations of their skills. A special exhibit-demonstration is being planned which will show the skills required to operate the farm of today.

Cost involved in this estimate include:

Exhibition and Photograph Costs:

Original photography	\$87,650
Editing, layout and organization	26,340
Exhibit structure and shipping	103,700
Archiving and retrieval	45,600
Exhibition premiere and bicentennial summer operation	30,000
Accompanying publications	69,300
Other expenses	<u>9,180</u>
Total, Exhibition and photography costs	<u>371,770</u>

Mall Festival - 1976:

Design	5,000
Exhibits	75,000
Demonstrations	20,000
Temporary structure rental	10,000
Operation costs	<u>50,000</u>

Total, Mall festival - 1976 160,000

Grand total, Preparation of material for the bicentennial 532,000

(d) An increase of \$319,000 consisting of:

(i) An increase of \$210,000 for printing of **bulletins and the Yearbook of Agriculture**.

It is a certainty that printing costs will continue to rise at least as dramatically in FY 1975 as they have every year for more than 20 years. Indications are that the increase may be even more substantial, for the Government Printing Office has advised that the cost of paper has gone up roughly 80 percent in just the past 9 months. These ever rising costs reduce USDA's effectiveness in meeting demands for its popular publications (Home and Garden Bulletins, Farmers Bulletins, and Leaflets). From FY 1972 to FY 1973, the cost of reprinting equal quantities of 20 popular publications and two Congressional Lists increased 17 percent.

The Yearbook of Agriculture also is made available from the reprint fund. However, increased printing and paper prices have brought the cost of producing the last four Yearbooks sharply higher. Despite efforts to decrease costs by lessening number of pages, using duotone mixtures instead of 4-color photographs, and binding in Kraftco paper, a plastic-like process--instead of cloth, costs have risen as shown below:

<u>Year</u>	<u>Total Pages</u>	<u>Number of Color Pages</u>	<u>Cost</u>
1970	408	32 (2 and 4 color)	\$268,000
1971	416	16 (2 only)	249,000
1972	416	32 (4 colors)	273,000
1973	400	None	294,000
1974	400	None	314,000 (estimated)
1975	400	None	335,000 (estimated)

On a per copy basis, the 1972 Yearbook costs \$1.12. Increases in paper costs alone will make cost of the book to be published in FY 1973 \$1.20 per copy--yet the book will be 16 pages smaller without color. Assuming the same increase in FY 1974, cost per book will be \$1.28. On the same basis, cost for the book per copy in FY 1975 is estimated at \$1.37.

In order to meet the continuing rise in printing costs, to restore publications to Congressional List 1 and to bring the Yearbook to quality standards, additional printing funds in the amount of \$210,000 will be needed in FY 1975.

(ii) An increase of \$59,000 for increased postage costs.

Penalty mail costs in FY 1973 were \$234,000 or \$74,000 in excess of the budget base of \$159,600. The FY 1974 appropriation provides an increase of \$65,000 for penalty mail costs. However, penalty mail costs for FY 1974 are estimated at \$249,000. In FY 1975 an additional \$59,000 will be required in order to meet these increased costs.

Mailings from the Office of the Secretary include periodicals of all agencies of the Department as well as press releases, program announcements, and a host of other items related to the Department's information program. The total volume of mailings will increase from 2.2 million in 1974 to 2.3 million in 1975. Costs have risen substantially and are expected to rise even further.

Although the Postal Service has not formally announced its rates for FY 1975, it is estimated that an additional \$35,000 will be required in FY 1975, based on penalty mail costs of \$284,000 for the fiscal year. The 1974 and 1975 estimates were calculated as follows:

Fiscal Year 1974

<u>Type of Mail</u>	<u>Volume</u>	<u>Estimated Annual Cost (in thousands)</u>
First class	1,225,596	\$124.4
Third class	959,614	117.2
Fourth class	11,002	6.2
All other	3,486	1.2
Total	<u>2,199,698</u>	<u>249.0</u>

Fiscal Year 1975

First class	1,267,000	149.0
Third class	1,045,000	125.0
Fourth class	12,000	8.0
All other	4,000	2.0
Total	<u>2,328,000</u>	<u>284.0</u>

(iii) An increase of \$50,000 for increased telecommunications costs.

The cost of services, including those furnished us by other agencies, has been creeping up each year. A few examples of these services are GSA Federal Information Centers, FTS and Centrex, MODE, CVPC, automated mailing lists, and the news "tickers" of the two major wire services. In FY 1973 these services cost us \$47,000 more than they did in FY 1972. In order to catch up with the status quo and stay even with these costs we need an additional \$50,000 in FY 1975.

(4) Increases of \$436,000 for GSA space rental costs and \$55,000 for annualization of pay cost increases effective in fiscal year 1974 as follows:

	<u>GSA Space Rental</u>	<u>Increased Pay Costs</u>
Program and policy direction and coordination	\$86,000	\$2,000
Budgetary and financial administration .	100,000	15,000
General operations	74,000	11,000
Management and ADP systems	38,000	7,000
Personnel administration	111,000	17,000
Regulatory hearings and decisions	27,000	3,000
Total	<u>436,000</u>	<u>55,000</u>

OFFICE OF THE SECRETARY

STATUS OF PROGRAM

PROGRAM AND POLICY DIRECTION

The formulation and direction of policy and programs is carried out by the Secretary of Agriculture, the Under Secretary, the Assistant Secretaries, and Directors, staff advisors, and related supporting staff. Under the direction of the Secretary, the Immediate Office of the Secretary exercises broad executive responsibility for the development of national agricultural policies and the general management of the Department of Agriculture, within the framework of laws enacted by the Congress and regulations promulgated by the President. It coordinates the activities of the Department's constituent agencies into a unified agricultural program, designed to achieve, efficiently and economically, the goals for American agriculture established by the Congress and the President. The Department's programs, in turn, are coordinated with the activities of other Government departments and agencies both in domestic and foreign affairs, to ensure consistency in policies and methods in governmental administration.

In fulfilling these responsibilities, the Immediate Office of the Secretary provides general leadership and direction to the Department's constituent agencies. Agricultural policies and plans are formulated and adapted to the complex changing conditions in the Nation's economy. The progress of agricultural programs is continuously evaluated to ensure that accomplishments are consistent with the Department's prescribed objectives and with established standards of sound management. Program and management problems with special significance and broad implications are given careful attention to assure their constructive resolution in a manner consistent with overall policy.

BUDGETARY AND FINANCIAL ADMINISTRATION

This activity includes leadership and direction in budgetary and fiscal matters and performs necessary staff work such as:

Preparation of budget estimates including

- Review and analysis of budget estimates;
- Preparation of budgetary and statistical statements and summaries;
- Consolidation of materials for the estimates submitted to the Office of Management and Budget;
- Consolidation of budget data and preparation and maintenance of the automated budget status file; and
- Preparation of supporting justifications for budget requests, in cooperation with the Department's agencies, for use by the Appropriations Committees of the Congress in considering the President's Budget.

Management and control of funds including

- Allotment and apportionment of appropriated funds;
- Review of obligation and expenditure reports, particularly to assure that programs are carried out in accordance with the intent of the Congress, the requirements of the Executive Branch, and pertinent laws and regulations;
- Special arrangements, as required, for financing cooperative undertakings; and
- Analysis of Department manpower requirements.

Direction of fiscal policies and accounting systems including

- Formulation of accounting and fiscal policies, and consultation on and development of accounting systems; and
- Liaison with the General Accounting Office, the Office of Management and Budget, and the Treasury to advance financial management objectives throughout the Government.

Operation of certain central services (under the working capital fund) including

- The Department's central payroll and personnel systems;
- The Department's central voucher payment system; and
- Development of a central Department-wide accounting system.

Various other staff services such as

- Assistance in developing a legislative program for the Department;
- Liaison with the Office of Management and Budget and the Congress on legislative reports;
- Administration of limitations on employment and personnel compensation;
- Assistance in the administration of committee management through record-keeping, preparation of reports and correspondence;
- Review and appraisal of agency cost reduction validation procedures; and
- Coordination of responses to requests from members of Congress and the general public for information about the program and financial affairs of the Department.

Selected Examples of Recent Progress

National Finance Center. In fiscal year 1973 a National Finance Center (NFC) was established in New Orleans, Louisiana, to facilitate the orderly implementation and operation of the uniform central accounting system. The Center, under the Director of Finance, also assumed responsibility for operation of the Department's central payroll and voucher processing functions formerly known as the Management Data Service Center and Central Voucher Payment Center.

Department-wide Central Accounting System. In fiscal year 1973 a development group was assembled to prepare accounting systems definitions and specifications including input and output requirements. To a great extent personnel from agencies whose accounting functions are to be centralized were detailed to work with the Office of Budget and Finance on systems development. Development of the ADP design and programming of the central system is being carried out by the staff of the National Finance Center in New Orleans.

The process of centralization on a phased basis which started with the payroll system then added the central payment of vouchers will be continued in the development and implementation of the uniform accounting system. The first major segment, a central billings and collection system, is scheduled for implementation January 1, 1974.

Automation. In fiscal year 1973 the National Finance Center designed and implemented, in cooperation with the agencies of the Department, a system for optical scanning Time and Attendance Reports.

These reports are received from over 8,000 contact points each biweekly pay period. The scannable form is designed to allow timekeepers to enter data by hand. The reports, which previously required approximately 12,000,000 cards to be keypunched annually, are processed through optical scanning equipment, resulting in more accurate and much faster processing of payroll and accounting data. It also affords more security to the payrolling operation. The conversion eliminates the keypunching operation necessary to payroll an average of 100,000 employees each pay period.

Annual savings which will be realized with this system are \$200,000 based on present manpower costs.

Grants and Contracts with State Governments. Under the cognizant agency concept prescribed by Office of Management and Budget Circular A-87, the Department approved indirect cost allocation plans submitted by 22 State government agencies.

Legislative and Financial Reporting. Staff assistance in preparing and coordinating legislative reports involved annual workload as follows:

<u>Fiscal Year</u>	<u>Number of Reports</u>
1971	677
1972	504
1973	563

In addition, during fiscal year 1973, over 73 inquiries for financial data on Department operations were received from Members of Congress and interested citizens. Also, 17 financial tables were prepared for use at hearings on the fiscal year 1974 appropriations bill. Guidance was provided the agencies of the Department, and a liaison function was provided this and other Departments in three major reporting areas: data on obligations by geographic location, Catalog of Federal Domestic Assistance, and grant-in-aid to States.

Microfiche Application. Equipment for reading, printing, and duplicating microfiche cards has been installed. Microfiche cards of all congressional reports, documents, committee prints and hearings from 1970 to date are available and new cards will continue to be added. Legislative histories of major legislation of interest to USDA are being put on microfiche. The system, which permits storing large amounts of legislative material in one room, is providing more efficient service to users.

GENERAL OPERATIONS

Real Property Management. This activity includes general direction to agencies in the management of space occupied by their operations; their building construction operation and maintenance programs; abatement of pollution at Federal facilities; location of facilities in areas of lower population density; administration of Uniform Relocation Assistance Act; identification of historical sites, and related activities.

Disposition of Real Property. Removal of unneeded or outmoded facilities from inventory results in savings in protection and maintenance costs. The Department disposed of such facilities costing \$899,166 and property costing \$1,157,758 was declared surplus.

Acquisition of Real Property. During the year four parcels of land totaling 6,047.72 acres were acquired without cost to the Department. The appraised fair market value of the properties acquired was \$1,311,700.

Consolidated Housing. Continued effort was made, working with State Administrative Committees, to accomplish field office consolidations to provide one-stop services for farmers and ranchers who must transact business with the Department. The Department's offices have been consolidated in 1,687 counties and 34 states.

Federal Buildings Fund ("Pay for Space"). The Public Buildings Act Amendments of July, 1972 established the Federal Buildings Fund, wherein Federal agencies will have to pay approximate commercial lease rates for space under GSA control, beginning in fiscal year 1975. Space assignments were verified and corrected on approximately 3,000 Departmental offices encompassing 13.4 million square feet. An automatic data processing system was designed and made operational to accurately identify, manage, and bill for space in the Washington, D.C. complex.

Uniform Relocation Assistance. Under the uniform relocation assistance and real property acquisition regulations which were promulgated on April 30, 1973, the Department paid 222 relocation claims totalling \$370,000 and acquired 1,710 tracts of land valued at \$26.2 million.

Personal Property Management. This activity also provides general direction to agencies in the management of the acquisition, storage, distribution, use and disposition of personal property; carries out a materials management program to assure that adequate control over all personal property is maintained.

Utilization of Excess Property. Redistribution within the Department was arranged for excess personal property with an acquisition value of \$5,289,428.

District of Columbia Space. Construction of the new Departmental cafeteria is proceeding ahead of original schedule. Construction is now projected for completion in early July, 1974. On November 2, 1973 the small cafeteria in Auditors Building was closed to be replaced by a vending stand operation.

The Environmental Protection Agency began moving its offices out of the Agriculture South Building. As a result, renovations on approximately 20,000 square feet of office and light laboratory space was begun. Due to some agency reorganizations and the establishment of the Rural Development Service, 26 major moves involving 8 agencies are underway to consolidate agency offices into contiguous space in the Washington, D.C. complex.

Plans have been finalized and warehouse space has been acquired in Ardmore, Maryland to house and consolidate the Department Central Supply operations from the downtown complex and the ASCS forms warehouse in South Arlington. The new facility is expected to be operational in early calendar year 1974.

Developing Use of Non-Government Resources. The office coordinated Departmental participation in 12 Business Opportunity/Federal Procurement and Minority Business Opportunity/Federal Procurement conferences throughout the country. A Departmental action plan is in effect calling for increased emphasis on a greater reliance on state and local governments and the private sector of the economy in the delivery of program services and for improvement of related program delivery systems.

Administering the Use of Contracts. Alleged violations of the labor standards provisions were investigated and the findings reported to the Secretary of Labor in 5 cases. The Small Business Set-aside program continued to be stressed. Coordination was provided for the Department's participation in Small Business Administration's 8(a) programs.

Motor Vehicle Management. During fiscal year 1973 the Department used 35,169 Government-owned or leased vehicles. Of these 31,794 were agency-owned general and special purpose vehicles; 2,754 were Interagency Motor Pool System vehicles; 621 were from commercial sources. Agency utilization and cost reports for FY 1973 were reviewed and deviations from the Department average use and cost patterns were reviewed with the major fleet-owning agencies.

Physical Security. Regulations relating to specific guidelines for the protection of computer facilities were revised to improve systems security and the control of access.

Conservation of Energy. The Department implemented the Government-wide program to reduce the consumption of fossil fuels and electricity by 7%. A progress reporting system was established to measure conservation efforts. Action has been taken to make greater use of smaller general purpose passenger vehicles and to limit the size and horsepower rating of trucks to the minimum needed.

Central Departmental Operations. This activity also provided the following Department-wide centralized services: (1) correspondence referral and records management services for the Office of the Secretary; (2) mail distribution in Departmental headquarters buildings; (3) a central supply facility; (4) duplication, reproduction and copier services; and (5) automated mailing lists.

MANAGEMENT AND ADP SYSTEMS

This activity supports the overall management requirements of the Department including management improvement, the development of information systems, and the management of the Department's automatic data processing resource.

Management Improvement. This includes conducting analytical studies in any area of activity within the Department and for designing and monitoring systems or recommending improvements so as to better achieve the objectives for which the activity was established. The following activities are typical:

Secretary's Management Report. This system summarizes significant developments and provides the Secretary advance information on selected agricultural issues.

Management Information and Control System (MICS). This system enables Departmental managers to measure program results. It includes the 300 major program objectives of the Department. Specific accountability factors and target values are identified, permitting periodic monitoring of progress and the analysis of achievements. As an important element of the early warning feature of the Secretary's Management Report (described above), one goal of MICS is to provide the Secretary, Assistant Secretaries and other Departmental officials with accurate and timely information for the orderly execution of the Department's programs.

Organizational and Special Studies. These include major studies of the Department's programs and organizational structures designed to best support the Department's key missions. Recent special studies resulted in plans to reorganize the Departmental field structure, the Office of the Inspector General, and the Office of the Assistant Secretary for Administration. Further studies will continue the examination of alternative organizational approaches for the accomplishment of the Department's programs.

Information Systems. The objective here is to provide multi-agency use of common data, and to reduce multiple collections of identical or similar data. The following activities are typical of our information systems responsibilities.

Working in close collaboration with agencies of the Department, the information systems design effort is on schedule. During the past fiscal year (FY 1973), we have identified and correlated in computers the bulk of the data requirements of agencies: information they use, produce (for others to use), and need (that which they could use to advantage but do not now have readily accessible).

During FY 74 we expect to publish an inventory of program data used Departmentwide. The inventory identifies the type of data, its source, availability and agency responsible for its current use and processing.

During FY 74 we also expect to begin implementation of a data base management system. This is an automated system, which when fully implemented, will permit any agency that is authorized access to data, to retrieve information from automated data bases. Three such data bases should become operational in FY 74:

1. Foreign Agricultural Production and Supply data base.
2. Official Agricultural Estimates--containing data on production, acreage and price of agricultural commodities.
3. Annual Activities of Farmer Cooperatives--This will provide data that will facilitate analysis of levels of activity in Farmer Cooperatives and permit evaluation of Farm Co-op roles in the agricultural marketing and supply sectors.

In addition during FY 1974, we expect to complete automation of Departmental and agency forms and reports inventories. This will permit computerization and automatic printing of forms and reports inventories for all agencies. These are being indexed by subject matter category and data contained in forms and reports will later be used to update related information data bases. The system also contains the capability to control forms and reports generated in agencies so as to minimize unnecessary duplication.

Management of USDA ADP Resource. This includes:

Centralization of the Department's ADP Resource. During the past year, the Department centralized the management of all of its major ADP facilities. We are now engaged in a major effort to upgrade the facilities at four Departmental computer centers (New Orleans, Washington, Kansas City and Ft. Collins Computer Centers). In addition, we have centralized operational control over computer installations at St. Louis (formerly the FHA Computer Center) and Minneapolis (formerly the ASCS Processed Commodity Office computer facility). The computer facility at Beltsville was closed in October 1973. Workloads of the Beltsville facility were distributed to the Washington, New Orleans and Kansas City Computer Centers. We anticipate an annual savings of \$400,000 from this action.

Cost of Computer Services. During the first year of operation, we have reduced the cost of third generation computer services at the Washington and New Orleans Computer Centers by approximately 20 percent.

Communications Link. Through establishment of communications links between the Washington, Kansas City and New Orleans Computer Centers, we have been able to satisfy the processing requirements of a number of agencies through use of terminals into these centers. This eliminated the need for several small computers in agency field locations and provided these agencies significantly greater capability than they otherwise would have had.

Implementation of Telecommunications Plan. We have been able to expedite the installation of the initial phases of the telecommunications network between our major Departmental computer centers. When complete, the network will provide agencies access to any of our installations, thereby reducing turnaround time for their data processing requirements. We are also on schedule in development of a long-range telecommunications plan to satisfy the long term need for data communications within the Department.

Joint USDA-GSA Major Procurement. To maximize the savings potential available through joint procurement, the Department and the General Services Administration are coordinating a major procurement for computer equipment. Through this joint effort we are able to pool each agencies' technical resources and permit both agencies to take advantage of a significantly shortened lead time for the new equipment. To our knowledge this is the first joint effort of this nature, and should provide substantial benefits to both Federal agencies.

New Equipment Acquisitions. By exercising close control over the acquisition of new equipment and evaluation of existing equipment we have been able to effect significant cost reductions by acquiring less expensive alternatives:

1. Savings-\$400,000 annually through the closing of the Beltsville computer facility.
2. Savings-\$192,000 annually through replacement of IBM 360/145, 360/65 and 360/40 with IBM 370/168.
3. Savings-\$950,000 annually through installation of third party leased equipment and "plug-to-plug" compatible components.
4. Savings-\$20,000 annually through replacement of Univac 9300 (Beltsville) with Mohawk terminal.
5. Cost avoidance-\$750,000 annually through the establishment of the Fort Collins Computer Center (Univac 1108 to replace previously planned multiple computer installation).
6. Cost avoidance-\$250,000 through third party leasing of IBM 360/65 for New Orleans Computer Center.

PERSONNEL ADMINISTRATION

This activity provides general liaison, direction, leadership, and coordination of the personnel management program of the Department. This program includes position management; classification and standards; salary and wage administration; employment and manpower planning; personnel and records security; standards of employee conduct; discipline; employee relations; appeals; employee development; program evaluation; health, safety, and welfare; incentive awards; labor-management relations; personnel legislation; employee fringe benefits; equal employment programs; executive development; upward mobility; and other related personnel activities. The Office promulgates Departmental policies and procedures relating to these functions. The operational phases of this program have been substantially delegated to the agencies. A systematic review is conducted to measure its effectiveness in serving the agencies' personnel management requirements. Among the significant accomplishments during fiscal year 1973 were:

Labor-Management Relations. During FY 1973, seven additional recognitions were certified by the Assistant Secretary of Labor bringing the Department total to 128 employee bargaining units. This compares with 37 certifications during FY 1972. There are approximately 20,300 Department employees represented by four major labor organizations in these 128 units.

This reduction in organizing efforts by recognized unions tended to increase their attempts to consolidate gains through contract negotiations. As a result, bargaining sessions become more difficult and the use of third party involvement (Federal Mediation Service, Federal Service Impasse Panel, and the Federal Labor Relations Council) more frequent in the settlement of labor agreements. Third party involvement resulted in a considerable increase in the workload of the Office in lending advice and assistance to agencies in resolving negotiation disputes.

Employee Appeals. Employee appeals, because of adverse action, classification, grievance and complaints of discrimination increased during the fiscal year. A total of 279 employees filed appeals or had appeals pending during the fiscal year; 194 were decided or withdrawn; 3 were returned to the agency and 82 remained pending at the close of the fiscal year. Hearings were held in 35 cases. In addition, the Office participated in cases appealed to the Civil Service Commission involving 205 employees.

Court Cases. In addition to the above, 61 employees had 54 cases pending in Court during the year either resulting in or as a result of administrative action and appeals.

Employment of Vietnam Era and Other Veterans. The Department continues to emphasize the President's Program for Veterans by special issuances urging the hiring, training and development, and promotion of veterans, especially Vietnam Era Veterans. Jobs such as engineering and surveying, physical science aid, engineering draftsman, clerk, voucher examiner, and food inspectors have been identified and restructured to be filled by veterans.

During the period July 1972 to June 1973, there were a total of 22,224 permanent and temporary full-time hires. Of these hired, 9,427 (approximately 42 percent) were veterans. Vietnam Era Veteran hires were 3,260 or approximately 14 percent of the total hires.

Intergovernmental Personnel Act of 1970. As of June 30, 1973, the Department had entered into 121 IPA agreements with State, local governments, and institutions of higher education. These agreements have been made in the areas of soil, water, watershed and related activities, meat grading and inspection; forest land management; ecology; fire prevention; conservation; research; administration; economics and statistics. As of March 1973, this Department had initiated more assignments under the IPA Act than any other Government agency. Ninety-five of the 535 total Governmentwide agreements were made by USDA.

Merit Promotion Program. The use of the Departmentwide Summary Vacancy Announcements has continued through FY 73. Summary listings are consolidated, reproduced, and distributed on a timely basis--weekly. This along with plans to more extensively publicize vacancy announcements should increase the number of qualified candidates. Special emphasis is given to the matter of informing candidates for a job of the outcome of the promotion action. Suggested guidelines for keeping employees informed of the outcome of personnel actions were developed.

Summer Employment Programs. The Secretary set a goal of hiring at least 2,085 youths under the 1973 summer employment programs for economically and educationally disadvantaged youth. As of the end of July, the Department had 2,260 on the rolls, including 1,016 Summer Aides, 1,083 Stay-In-School employees, 161 Federal Junior Fellows.

College Recruitment and Relations. The effectiveness of this program is determined by analyzing data obtained from the agencies regarding their hiring activities, assignments and separations.

A Departmental pamphlet on cooperative education and other student employment programs has been developed. Already 50,000 copies have been distributed.

Cooperative education agreements have been entered into with 16 colleges and 102 students were employed under this program. We anticipate expansion of the Co-op education program beginning in September.

Efforts to assist 1890 Land-Grant Colleges has taken a new approach. In the past the Department channeled information through the liaison officers. The new contacts are the administrative heads of Agriculture at each of the 1890 institutions.

Information has been collected from the agencies on their missions and job opportunities for the publication, "PROFILES."

Public Service Careers. The Public Service Careers Program is in its last year of operations. As of January 1973, the Department had 119 enrollees in the entry component and 28 in the upgrade component. The Civil Service Commission has announced a new workers trainee program which will replace the PSC Program.

Central Referral. Job inquiries continue to be handled at a central point. The workload decreased during the fiscal year as shown by the following comparative data:

	<u>FY 1972</u>	<u>FY 1973</u>
Replies to correspondence from Congress and other high level officials	736	680
Letters answered from the general public	6264	5250
Walk-in interviews	5000	4500

Women in High Level Positions. Special emphasis on hiring, development and promotion of women continues under the Department's special program. The number of women in GS-13, 14 and 15 level jobs was 249 as of June 30, 1973.

Security and Employee Conduct. Workload included:

	<u>1972</u>	<u>1973</u>
Security Clearance Actions	785	1102
Training Act Clearances	249	398
Clearance Consideration for Foreign Travel and International Conferences	1239	1357
Security Considerations of FBI Reports	322	161
NAC&I & Transmitting Investigative Reports and/or Adverse Results	633	293
OIG Reports Evaluated	395	272
Post Audit of Disciplinary Actions	137	115
Prior Approval Actions Reviewed	875	1097
Advisory Committee Checks	445	350
Review of Conflict of Interest Forms	289	289

Civil Rights Training. Work was completed on the development and distribution of a Department-wide Continuing Civil Rights Training Course. This Office will monitor the conduct of this course which began in June 1973.

New Job Evaluation System. The Department has participated with the Test and Implementation Group of the Civil Service Commission in the development of a proposed new job evaluation (factor ranking/benchmark) system. Benchmark position descriptions were developed with the Department agencies for positions in 15 clerical series, 11 professional series, 5 administrative series, 10 technician and aid series, and in 8 occupations peculiar to Agriculture. A member of the staff has participated in the ranking of key benchmark jobs, scaling factor levels and assigning point values to them. Plans for field testing the new system are being developed.

Safety. Completed Department-wide accident and employee injury reporting system which should help in identifying problem areas, thus making it possible to concentrate accident prevention efforts in those areas.

Incentive Awards. Benefits to the Government in FY 1973 resulting from employee suggestions and special achievements were valued at \$1.4 million. Recognition in the form of cash or honorary awards was granted to 4092 individuals and working units. In addition, 2430 employees received an extra step increase in pay in recognition of high quality performance of a continuing nature.

Health. The Office directs the employee health program of the Department. Five health units are maintained in the Washington Metropolitan area: One in the South Building of USDA; one in the GHI Building, Washington, D.C.; two in Beltsville, Maryland; and one in Hyattsville, Maryland. During FY 1973 the following services were provided:

43,460 employees were seen for emergency care for accidents or illness.

2,784 hypos were given of which 410 were for overseas shots.

2,613 pints of blood were collected for the American Red Cross.

2,560 flu shots were given.

4,984 employees were counseled by the nurses on job related problems.

The Department also cooperated with the Washington Cancer Society in making available to employees films on different types of cancer and danger signals. The Washington Heart Society provided films which were shown on the subject of heart disease and how this disease is affected by diet, smoking, etc.

REGULATORY HEARINGS AND DECISIONS

The Office of Administrative Law Judges, under a revised designation of authority issued December 20, 1972 and amended April 20, 1973, holds hearings and now issues initial decisions which become final unless appealed as provided in the Rules of Practice. The judges perform related duties if not inconsistent with their duties under the Administrative Procedure Act (7 U.S.C. 551 et seq.).

The table below shows the number of hearings held by Administrative Law Judges during the past five fiscal years under various acts.

	1969	1970	1971	1972	1973
Agricultural Marketing Agree- ment Act, 1937	45	51	41	40	38
Packers and Stockyards Act ..	13	15	9	13	15
Perishable Agricultural Commodities Act	3	4	6	-	2
Commodity Exchange Act	4	3	4	9	5
Sugar Act	4	4	3	2	1

	1969	1970	1971	1972	1973
Potato Research & Promotion Act	-	-	3	-	-
Tobacco Inspection Act	1	6	3	2	1
Veterinary Accreditation under ARS	-	-	4	-	-
Laboratory Animal Welfare Act .	-	-	1	-	1
Federal Insecticide, Fungicide & Rodenticide Act	-	1	3	-	-
Federal Meat Inspection Act ...	1	-	-	-	-
Federal Animal Quarantine Laws	1	-	-	-	-
Section 22, Agricultural Adjust- ment Act of 1933	1	-	-	-	-
Adverse Personnel Action Appeals	5	5	8	29	13
Miscellaneous	-	-	-	-	3
Totals	78	89	85	95	79

Recommended Decisions 47

The Judicial Officer serves as final deciding officer, in place of the Secretary, in regulatory proceedings of a quasi-judicial nature where the applicable statute requires a hearing. These include cases in which an Administrative Law Judge files an initial decision and also reparation proceedings under the Perishable Agricultural Commodities Act and the Packers and Stockyards Act which are not subject to the Administrative Law Judge provisions of the Administrative Procedure Act. Exceptions to an Administrative Law Judge's initial decision may be filed by any party to the proceeding and oral argument is available before the Judicial Officer before the preparation and issuance of the final decision and order.

The Judicial Officer acts directly without reference to an Administrative Law Judge upon applications to dismiss petitions and applications for interim relief by petitioning handlers under section 8c (15) (A) of the Agricultural Marketing Agreement Act and upon stipulations for consent orders under the Packers and Stockyards Act, the Commodity Exchange Act, the Perishable Agricultural Commodities Act and the Laboratory Animal Welfare Act. The Judicial Officer also rules directly upon matters arising in proceedings such as motions to dismiss that are certified by the Administrative Law Judges without recommendation.

A comparison of the number of decisions and orders issued under the various Acts is as follows:

<u>Laws Involved</u>	<u>Fiscal Years</u>				
	1969	1970	1971	1972	1973
Agricultural Marketing Agreement Act, 1937	15	27	44	23	17
Commodity Exchange Act	14	11	11	16	23
Grain Standards Act	-	-	1	-	2
Packers and Stockyards Act, 1921	205	209	190	210	140
Perishable Agricultural Commodities Act ..	447	464	517	449	457
Laboratory Animal Welfare Act, 1966	1	5	5	4	3
Virus-Serum-Toxin Act	-	1	-	-	-
Insecticide, Fungicide & Rodenticide Act 1/	-	-	1	-	-
Total .	682	717	769	702	642

1/ By delegation from Environmental Protection Agency, 35 F.R. 19714 (12-29-70).

Agricultural Marketing Agreement Act. Difficult and complex cases continue to arise under the Act. In In re Bush Dairy, Inc., AMA Docket No. M MM-1, the Judicial Officer upheld the validity of the Secretary's action in suspending without a prior hearing the operation of the Class I seasonal milk price decline provisions contained in numerous milk orders. The Secretary had been utilizing the statutory authority to suspend provisions in milk orders without a hearing for about 30 years, but the Chief Administrative Law Judge held that the Secretary lacks the statutory authority to suspend milk order provisions without a hearing where the suspension order affects the class prices for milk. The case is now on appeal.

Commodity Exchange Act. The Judicial Officer issued a 200-page opinion in the case of In re Arthur N. Economou, CEA Docket No. 167, suspending the trading privileges of the respondents on contract markets for a period of 90 days. The Judicial Officer also ordered the respondents to cease and desist from operating as a futures commission merchant while failing to meet the minimum financial requirements of the Act. The case involved a determination as to whether four items were "current assets" and whether one item was a "current liability" as those terms are used in the administrative regulations. The case is now on appeal.

Perishable Agricultural Commodities Act. In In re George Steinberg & Son, PACA Docket Nos. 2-1757 and 2-2107, the Judicial Officer refused the respondent's application for a license under the Act and directed that the facts and circumstances relating to the respondent's violations, in failing to pay to 19 sellers \$57,207.42 in 283 transactions, be published. The effect of publishing the violations is to prevent any officers of the respondent corporation from being employed by licensees under the Act for a period of one year. The Judicial Officer reversed the decision by the Administrative Law Judge and held that the violations were wilful. He held that wilfulness is not a relevant issue in the case but that the violations were nonetheless wilful, and that the respondent corporation's bankruptcy was irrelevant in the administrative disciplinary case. The case is now on appeal.

The Hearing Clerk. In addition to the usual work of the Hearing Clerk in handling the pleadings, hearing records, etc., under the statutes referred to in the table above, and several other programs, there was an increase in the number of proposed changes in rules, regulations, policies, etc., for which Department agencies sought comments from those concerned. Thousands of comments were received and filed by the Hearing Clerk.

EQUAL OPPORTUNITY

This activity includes development and enforcement of the Department's equal opportunity policies and programs. This includes those responsibilities as required by the Civil Rights Act of 1964 and subsequent Executive orders, along with enforcement of the contract compliance requirements of Executive Order 11246. Current activities include:

Acceleration of multi-agency reviews. These are compliance reviews of all USDA programs operating in a single county conducted by teams of Equal Opportunity Specialists and agency program representatives. In addition to forming the basis for corrective deficiencies in individual offices, this identifies community-wide barriers to equal opportunity.

New emphasis is being placed on agency reviews resulting from intensive programs of compliance review training of reviewers, upgrading of review guides, and reporting formats.

Evaluating agencies' annual participation data by comparing reported participation by ethnic groups with the eligible population. Agencies use these evaluations to identify trends in minority participation as a basis for making needed adjustments in their programs.

Assisting agencies in establishing a participation reporting system which delineates eligibility data and base data from which progress can be measured in serving all ethnic groups.

Reviewing agencies' program participation targets for minority groups prior to the beginning of each program year and evaluating agencies' performances against stated targets at end of program year.

Examples of Recent Progress

State Extension Service Affirmative Action Plans were received and approved by the Secretary. Audits conducted by OIG and additional compliance reviews by the Office will be evaluated to determine if compliance is being achieved.

The Office received from the Farmers Home Administration 19 cases of Recreation Loan Associations who were in noncompliance due to failure to sign compliance assurances. Through intensive efforts 12 of these borrowers have now signed and enforcement proceedings were initiated for the other seven.

Prepared 12 program evaluation reports based on participation data submitted by Agencies. In these reports participation by ethnic group was compared with the eligible group and with White participation. Inequities uncovered by our analyses were transmitted to program managers for corrective action.

A data collection and information retrieval system has been developed and implemented to better carry out the Contract Compliance function. Progress of minority and female employment can be measured before a review, at the time of the review, and one year after a review. It also assists the staff to identify problem areas and to provide data on program accomplishments.

During calendar year 1972, there were 780 onsite compliance reviews conducted in all of the Standard Industrial Classifications assigned to USDA. These reviews affected 242,950 employees, of whom 63,225 were minority group employees and 64,454 were female employees.

As a result of the onsite review activities, contractors established 12-month goals and timetables in their Affirmative Action Programs that projected 8,582 minority hires, an average projection of 11 new hires per review. Of the projected minority hires, 1,824 or 21.3 percent, were in the white collar group, with a greater number being projected for hire in the Office and Clerical, Sales Worker and Technician categories.

During the same period, the contractors projected 6,489 female hires an average projection of eight new hires per review.

All agency regulations and instructions implementing nondiscrimination policy were reviewed for adequacy and recommendations for improvement were made. Changes are being incorporated along with language effectuating a recent amendment to the USDA regulation regarding nondiscrimination in Federal program assistance (Title VI of the Civil Rights Act of 1964).

STATUS OF PROGRAM

INFORMATION SERVICES

The Office of Communication is the communications link between the Department of Agriculture and farmers, organizations, and institutions interested in agriculture, consumers, and the public at large. The Office provides a service to the Department and its constituent agencies--and to ultimate users of agricultural information--by disseminating results of agricultural research and marketing, of trends in agricultural programs and policies, and of other equally pertinent subjects that are essential to carrying on the work of the Department. The Office of Communication coordinates all information work in the Department; reviews for final clearance all information materials released to the public; and coordinates agricultural information on activities with those of other Federal and State agencies.

PUBLICATIONS.

PUBLICATIONS REVIEWED.

	Fiscal Year	
	<u>1972</u>	<u>1973</u>
New and revised manuscripts reviewed editorially for GPO printing	734*	791*
Slight revisions and reprints reviewed (GPO) ...	319	264
Manuscripts reviewed for duplicating or printing at Department Plant	495	360
Total Number of Reviews	<u>1,548</u>	<u>1,415</u>

PUBLICATIONS PRINTED (GPO).

New and revised publications to the printer	718*	775*
Slight revisions and reprints to the printer ...	319	264
Other printing orders written and placed	<u>3,175</u>	<u>3,797</u>
Total printing orders	<u>4,212</u>	<u>4,836</u>

*Includes 227 major periodicals

PUBLICATIONS DISTRIBUTED. Distribution of popular publications decreased by approximately 3 million copies, traceable largely to increased printing costs. The increase of 6.3 million in the overall distribution figure reflects the distribution in FY 1973 of two unnumbered publications not distributed in FY 1972--"Vote for Farmers of Your Choice" (5.4 million copies) and "Food and Housing for the Elderly" (1.25 million copies).

Fiscal Year	<u>Popular 1/</u>		<u>Total</u>	
	<u>1972</u>	<u>1973</u>	<u>1972</u>	<u>1973</u>
	(Number of copies in millions)			
Total stocks at start of year ...	8.9	9.1	32.3	24.7
New publications printed	2.4	1.0	15.8	23.4
Reprints printed	11.3	8.2	24.7	33.5
Total available for distribution	<u>22.6</u>	<u>18.3</u>	<u>72.8</u>	<u>81.6</u>
Stocks at end of year	9.1	7.4	24.7	26.8
Sub-total	<u>13.5</u>	<u>10.9</u>	<u>48.1</u>	<u>54.8</u>
Stocks disposed of by pesticide changes	.4	.5	1.4	1.8
Total actually distributed	<u>13.1</u>	<u>10.4</u>	<u>46.7</u>	<u>53.0</u>

1/ Farmer's Bulletins, Home and Garden Bulletins, Leaflets

YEARBOOK SELLS 52,000 COPIES. In its first year of publication, the 1972 Yearbook -- "Landscape for Living" -- sold over 52,000 copies, according to Superintendent of Documents records. When added to Congressional copies, this means that nearly 300,000 of the 1972 Yearbooks were distributed, with their practical advice to home gardeners and their other contributions toward creating a better environment for Americans. The 1973 Yearbook, a handbook for the home, was issued in December.

CURRENT INFORMATION

PRESS DIVISION. Editors of agricultural news media from their offices anywhere in the country may listen to a quick summary of the Department's top news releases of the day by dialing special telephone numbers anytime after 4 o'clock each weekday afternoon. This new service, called USDA News Highlights, was initiated in April 1973 in an effort to overcome the increasingly long time it had been taking for mail delivery of the Department's news releases. Personnel of the Press Division late each afternoon prepare a two or three minute summary of the day's top news stories and voice a master tape. At 4 o'clock two tape cartridges are plugged into Spotmaster equipment which will automatically switch incoming calls to a second telephone line if the first is busy. The equipment does not accept charge calls. Although only the top of each story is taped, a telephone number is offered at the end of the tape if more details are desired.

Special services included:

Minority media -- mainly Spanish and black, are serviced with news features on Department projects, programs, people, research and services. The number of Spanish-language newspapers and magazines identified as interested in Department news increased by ten percent in the past year. A monthly newsletter, Agricultural Briefs, continues to be sent to black newspapers and magazines. Initiated in 1970, it is tailored especially to the needs of this group.

Farm Paper Service -- went international with distribution of the Farm paper Letter to U.S. agricultural attaches in 40 embassies throughout the world and copy airmailed each Friday to the attache in Paris is translated into French and German for distribution to newsmen in Western Europe. Circulation of the letter in the U.S. is now at 150 newspaper farm editors and 430 farm magazine editors on request. Same-day answering service continues to be provided to farm editors' written requests and telephone queries get immediate or same-hour service. Visiting editors get personal service on their requests for interviews or information.

Food and Home Notes -- a weekly newsletter with information on USDA developments in food and nutrition, research, recreation and housing goes out each week to 443 press, radio and TV writers, more than 3,000 educators, nutritionists and home economists and nearly 2,500 Extension Service agents and staffers who have media contacts. Requests for features and women's page material doubled this past year with emphasis by the staff on personal contact and service to weekly and daily newspapers.

RADIO AND TELEVISION. The steady growth in news and information disseminated in the U.S. by radio and television stations and networks, by cable television systems, cassette distribution and syndicated services has a microcosm counterpart within the USDA. The past year brought an unprecedented demand from the media for information, with special emphasis on rising food costs, a spectacular increase in grain exports and generally intensified interest in agricultural production and economics.

Scheduled production of radio and television materials continued with a slight increase, with approximately 2,400 reels of radio material produced per week for requesting radio stations (on a tape return basis) and the television programs produced by the USDA in cooperation with local station WRC-TV continued circulating to some 300 stations on a regular basis.

One significant addition in service to radio stations was the refinement of the three year old Radio Spot News Service from one national edition each working day to four regional editions, plus a fifth service, the Consumer Line. Each working day radio stations may activate any of five playback machines by means of a telephone call for the day's offering spot news from the Department. This service has proved quite popular, bringing in the neighborhood of 100 to 200 calls per day.

Meanwhile, production of slide sets for television in support of food supplies information, television home features, copy for radio home features, public service material for both radio and television in support of food safety measures, grew sharply over previous years, as food safety became a key issue.

In response to a need for telling agriculture's true story to the American people, several short film clips were released designed to help viewers understand the reasons for food prices.

SPECIAL REPORTS DIVISION. The farmer, food prices, and the national economy continued to receive special emphasis during the year in the output of the Office of Communication's Special Reports Division. The Office broadened its program to include in-depth explanations of the relation between prices, domestic and foreign consumer demands, the farm production. A major thrust was the development and distribution of a background booklet, "What's Happened to Food Prices?"

"What's Happened to Food Prices?" was announced by Secretary Butz in March during a talk to the National Press Club. Some 145,000 copies of the leaflet were distributed to the press, consumer groups, and to the general public through USDA agencies by the end of the fiscal year. A special effort was made to reach consumer groups with the message in the leaflet. About 6,000 copies were distributed to consumer organizations. The Office of Consumer Affairs also helped promote the leaflet. Copies went to such consumer groups as the American Home Economic Association, and the General Federation of Women's Clubs.

Relating Farmers to Consumer Well-Being. The Office worked extensively with public relations and advertising firms in developing advertising campaigns related to what farmers do and how farmers help fight inflation. More than 500,000 copies of a full-color booklet, "How Farmers Make Food America's Best Buy," were distributed. The booklet was produced by Harvestore Products with the assistance of the Office. A one-hour television documentary on farming in the United States was produced by the Westinghouse network with Office inputs. An estimated 30 million people viewed the program.

Special program for suburban shopping malls. Working with the Maryland Cooperative Extension Service, the Office of Communication organized a special program of demonstrations and exhibits including the distribution of popular booklets, at four shopping centers in the suburbs surrounding Washington, D.C. The program was a special effort to provide the metropolitan public with a greater understanding of the contribution of agriculture to the national well-being. In addition to the exhibits and demonstrations, the Department conducted a special educational quiz designed to answer questions about the real cost of food and the available food supplies. The quiz also provided an informal view of public attitudes toward the farmer, food, food prices and agriculture in general.

Food Preview. The Department continued distribution of "Food Preview," a quarterly forecast of food supplies and costs. "Food Preview" provides the general public with an understanding of the natural and economic forces behind changes in food supplies and prices. The "Preview" is sent to consumer groups, teachers, and consumer publications. In addition, requests for multiple copies were received from libraries, educational institutions, and consumer education groups. It has been widely used by such groups as the Office of Consumer Affairs, American Council on Consumer Interests, and most state consumer offices; and media and syndicated columnists.

International Trade. In Fiscal 1973, U.S. agricultural exports reached a record high \$12.9 billion, topping the FY 1972 total by more than 60 percent. The massive increase was due largely to world crop shortfalls, devaluation of the dollar, and an increasing demand among foreign consumers for improved diets. For overseas audiences, the Department's information program pressed hard on the concept that U. S. agriculture is a reliable and efficient producer. For domestic audiences, information materials stressed the importance of farm exports to the national economy, to the U.S. balance of payments, and to world peace.

Press Kits. The Office developed and distributed two press kits providing detailed background data on major factors affecting the future of U. S. international agricultural trade (with particular reference to the GATT negotiations), and on trade relations between the U. S. and the U.S.S.R. The kits were used extensively by the media as well as by the business community.

Feature Stories for Foreign Readers. The Office provided material for 30 feature stories to the U. S. Information Agency, the OECD Agricultural Review, and to correspondents representing the foreign press. Four schedules and background briefings were arranged for media representatives from England, Japan, Sweden, West Germany, Peoples Republic of China, Italy, France, India and Poland.

International Radio Program. Continuing a project initiated last year, an Office of Communication information officer appeared on 48 Voice of America Breakfast programs to respond to questions submitted by listeners in foreign countries. The Breakfast Show reaches 100 different countries and is reported to have the largest listening audience in international broadcasting. Questions answered by the Office information officer came from such diverse countries as Japan, England, Italy, Israel, India, Pakistan, Nigeria, Ghana, Turkey, and the Philippines.

Feature Stories for the Domestic Press. The Office prepared foreign trade material for publication in the U. S. Chamber of Commerce Foreign Commerce Handbook, the World Book Yearbook, and for such mass circulation media as Newsweek, U. S. News and World Report, Grain Age, and Journal of Commerce. "Farming '73", published by Webb Publishing Co. with a circulation of 300,000, prepared a special edition devoted to the importance of U. S. foreign agricultural trade. The Office provided major information inputs.

The environment and energy resources. Special Reports continues to answer an increasing number of inquiries from environmentalists and concerned citizens on environmental actions involving the Department. We are also involved in more joint information actions with the Environmental Protection Agency on the subjects of integrated pest management and the control of point and non-point sources of pollution. Likewise, we are for the first time answering an increasing number of questions from the public and from institutions on the availability of energy for farm use and what impact energy curtailments may have on agricultural production and food prices to consumers.

Farm Safety. The Office originated a major theme of the 1973 Farm Safety Campaign "Mr. Farmer, Don't Get Caught Up In Your Work," which was carried nationwide on posters, publications and on television. While the push was to reduce farm accidents involving falls and those involving farm machinery, other kinds of rural accidents were the themes in the monthly farm safety campaigns.

Working with Consumer Groups. The Department continued its work with the general public and with consumer organizations in an effort to provide the general public with a greater understanding of the value of American agriculture and the services available from the Department. For example, a special preview of consumer and environmental research was presented to the officers and board of directors of the 11-million member General Federation of Women's Clubs. Special assistance was also provided to: The Washington State Office of Consumer Services for a three-day consumer education seminar; the Office of Consumer Affairs, New York State for a consumer seminar; and the New Jersey Center for Consumer Education;

and the American Council on Consumer Affairs, which conducted a series of five consumer education seminars at colleges in various parts of the nation.

Service: USDA's Report to Consumers. "Service" continued to be mailed to more than 7,000 readers, by request only. Recipients include consumer writers and editors; officers of women's organizations; civic, consumer, youth, and labor groups; trade associations; industry; consumer educators; and home economists. "Service" stories are reprinted or used as sources of stories in such publications as Good Housekeeping, Changing Times, U. S. News and World Report, National Observer, Woman's Day and UPI and AP wire services. They also appear regularly in consumer publications such as Of Consuming Interest, Consumer News and Consumer Newsweek.

Food Costs and Good Nutrition. Two consumer fact sheets provided information on how to get the most nutrition for the least money. They were prepared by Department food economists and nutritionists and distributed by the Office of Communication. Money-Saving Meals. About 200,000 copies of this 8-page fact sheet were distributed from mid-April until June 30, 1973. The fact sheet, which was announced at a special news conference by the Office of Consumer Affairs, was distributed through Federal Information Centers, Federal Executive Boards, the Consumer Products Information Center, state and county Cooperative Extension offices, and state and local consumer offices. The Cost of Meats and Meat Alternates. Almost 200,000 copies of this companion sheet were distributed between mid-April through June 30, 1973, in the same manner as Money-Saving Meals.

USDA, the Department's employee newsletter. The Department's 82,000 full-time employees need to be well-informed about Department programs affecting, as they do, almost every aspect of the public's daily lives. A 4-page, bi-weekly publication provides employees with up-to-date information on USDA programs and new legislation of administrative changes affecting the Department. Articles about Government services, help USDA employees function as better public servants.

Copy Lines. In FY 1973, this USDA feature article service offered five or more consumer-interest stories bi-monthly to a distribution list of approximately 400 magazine and newspaper feature editors, garden editors, columnists, and free-lance writers. During the year, Copy Lines received almost 1,400 requests for prepared articles and photographs.

DESIGN DIVISION. Design leadership was provided to several key program areas, including Rural development, Pesticides, Nutrition, Agricultural Economics, and Foreign market development.

The number of projects processed in FY-1973 numbered 1,989 as compared with 2,011 projects in 1972.

Exhibits Service. Major exhibit activity was centered in a series of special events at shopping malls. The design of permanent exhibits at information centers located on the National Forests continued. Major projects in this field were Durham Research Laboratory, Durham, N.H., Blanchard Springs Visitor Center and Shelter Cave, Mountain View, Arkansas. Work continues on the design of the Federal Bicentennial exhibition to be housed in the "Great Hall" at the Commerce Department.

	<u>FY 1971</u>	<u>FY 1972</u>	<u>FY 1973</u>
New exhibits produced .	56	52	24
Exhibits Renovated	119	78	95
3-D visual aids produced	10	8	20
Exhibits showings	193	125	94

Motion Pictures. The trend toward expanded production of less costly television spots and features - and away from the longer information was continued.

<u>Running Time</u>	<u>FY-1971</u>	<u>FY-1972</u>	<u>FY-1973</u>
30-60 minutes	3	0	1
15-30 minutes	11	17	4
7-15 minutes	9	9	1
2-7 minutes	8	11	10
Under 2 minutes	22	27	30

In the distribution activities, primarily users of USDA films including TV stations, nationwide, were urged to take advantage of an increased supply of prints which have been made available to cooperating film libraries in the land grant universities.

Photography Division. During the year, eight slide sets were produced and revised, including one telling the farmer's role in the development of this country ("The Peaceful Revolutionists"). Production was also begun on "What's Happening to Food Prices?" slide set. Total sales of all slide presentations were \$9,302. Nine picture stories and three matrix releases were produced for distribution to newspaper and magazines. The emphasis was on animal protection and meat inspection.

Requests from the news media and the public for pictures from the USDA current picture files ran at about the same rate as the previous year (about 1,200 requests).

WORKING CAPITAL FUND, DEPARTMENT OF AGRICULTURE

The Working Capital Fund is an operating fund without fiscal year limitation established by an appropriation of \$400,000 in the 1944 Agricultural Appropriation Act, (P.L. 78-129). This Fund finances by advances or reimbursements, the costs of certain centralized service operations in the Department of Agriculture. In accordance with the statute, activities are financed under the Fund only when approved by the Office of Management and Budget. Legislation is being proposed to authorize the appropriation of additional capital to this fund to cover its expanded activities.

Financial status of the Working Capital Fund is as follows:

	June 30, 1973 (Actual)	June 30, 1974 (Estimate)	June 30, 1975 (Estimate)
<u>Assets:</u>			
Cash	-\$439,037	-\$439,037	-\$439,037
Accounts receivable	3,693,718	3,693,718	3,693,718
Office and printing supplies, and photocopy materials on hand	447,395	447,395	447,395
Reproduction and other equip- ment (net after depreciation)	2,842,023	2,896,023	2,950,023
Total assets	<u>6,544,099</u>	<u>6,598,099</u>	<u>6,652,099</u>
<u>Liabilities</u>	<u>3,275,991</u>	<u>3,329,991</u>	<u>3,383,991</u>
<u>Government Equity:</u>			
Initial appropriation (1944 Agricultural Appropriation Act)	400,000	400,000	400,000
Supplies and equipment trans- ferred by USDA agencies	2,631,142	2,631,142	2,631,142
Retained earnings	236,966	236,966	236,966
Total Government Equity ...	<u>3,268,108</u>	<u>3,268,108</u>	<u>3,268,108</u>

Obligations by activities for the central services financed through the Working Capital Fund are as follows:

	1973 (Actual)	1974 (Estimate)	1975 (Estimate)
<u>1. Supply and other central service programs:</u>			
Central supply, reproduction and miscellaneous services	\$3,826,093	\$4,349,964	\$4,930,964
Centralized mail distribution system	624,051	781,207	781,207
Civil defense and defense mobilization programs	38,836	30,000	65,000
Management training programs	165,942	195,250	195,250
Subtotal	<u>4,654,922</u>	<u>5,356,421</u>	<u>5,972,421</u>
<u>2. Photocopy and microfilming services</u>	60,806	36,000	36,000
<u>3. Motion picture, photographic and other visual information services program:</u>			
Motion picture, photographic, art and graphics and exhibits services	2,405,805	2,408,183	2,721,183

3. Motion picture, photographic,
and other visual information
services program, Cont'd:

Publication of Department periodical "USDA"	59,024	50,940	50,940
Subtotal	2,464,829	2,459,123	2,772,123
4. <u>National Finance Center</u>	9,817,548	14,292,253	17,819,253
5. <u>Management and ADP systems</u> ..	6,785,229	15,253,512	16,186,512
Total obligations	23,783,334	37,397,309	42,786,309

Responsibility for providing the central services financed through the Fund
has been assigned as follows:

Office of Plant and Operations

Central supply services, including stationery, supplies, equipment, and forms.
Centralized mail distribution system.
Duplicating services, including printing, reproduction and photocopying,
binding, addressing and mailing, and related services.
Automated mailing list is a system of list maintenance and label production.

Assistant to the Secretary for Intergovernmental Affairs

Provides administrative services and communication facilities for the
Department's relocation headquarters, periodic civil defense exercises,
and conduct of survival training courses.

Office of Personnel

Conduct of intra-departmental management training programs, including
Supervision and Managerial Strategies, Executive Workshop in Agri-
Dynamics, and Kepner-Tregoe Training Programs.

National Agricultural Library

Supply photocopy and microfilm reproductions of library materials.

Office of Communication

Motion and sound picture services.
Still photography services.
Art and graphics.
Exhibits.
Publication of Departmental employee periodical "USDA".

Office of Budget and Finance

Operation of Departmentwide centralized services for payrolling, personnel,
accounting and administrative voucher payments, and related services.

Office of Information Systems

Provide an integrated management information system of automatic data
processing facilities and applications within the Department.

PASSENGER MOTOR VEHICLES

The Budget estimates for 1975 continue the authority to replace, if necessary, one automobile used by the Secretary and his staff.

As of December 31, 1973, only one Department-owned automobile was operated in the District of Columbia. In addition, twelve vehicles are rented on an annual basis.

The Department-owned vehicle is used by the Secretary of Agriculture, and the rented vehicles are used on official business by the Under Secretary, the Assistant Secretaries, and members of their immediate staffs, as well as the heads and other responsible officials of Departmental staff offices.

AUDIT AND INVESTIGATION

Purpose Statement

The Office of the Inspector General was established by Secretary's Memorandum No. 1503 dated June 25, 1962, and No. 1524 dated December 21, 1962. The Office is responsible to the Secretary for internal audit and investigation of Departmental programs, and provides personal security to the Secretary. It works to assure that existing laws, policies and programs of the Department, and the intent of the Congress and the Secretary are effectively carried out on every level of administration. It assures prompt and appropriate corrective action in those instances where deviation from established law, policy, procedure, rules or regulations may have developed. It conducts internal audit and investigative activities within the Department and coordinates and correlates them with various investigative agencies of the executive and legislative branches of the Government.

Geographic Location. These audit and investigative services are carried out by the headquarters staff, 6 regional offices and suboffices. The regional offices are located in Hyattsville, Maryland; Atlanta, Georgia; Chicago, Illinois; Temple, Texas; Kansas City, Missouri; and San Francisco, California.

Reorganization. Secretary's Memorandum No. 1836, dated January 9, 1974, established an Office of Audit reporting to the Assistant Secretary for Administration, and an Office of Investigation reporting to the Secretary. The result of the new alignment of functions will be increased effectiveness in both areas, and, especially, greater coordination of audit work. In addition, a minimal amount of program review work is being transferred to the Office of Management and Finance.

Available Funds and Man-Years
1973 and Estimated 1974 and 1975

Item	Actual		Estimated		Budget Estimate	
	1973		1974		1975	
	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years
Office of the Inspector General	\$18,769,000	840	\$20,019,000	856	\$21,902,000	838
Obligations under other USDA appropriations:						
Office of the General Counsel:						
Stenographic and photocopying services	7,636	- -	800	- -	800	- -
Farmers Home Administration:						
Photocopying services	1,515	- -	1,600	- -	1,600	- -
Food and Nutrition Services:						
For purchase of food stamp coupons from local banks						
needed in investigation activities	1,197	- -	1,500	- -	1,500	- -
Total, Agricultural Appropriation: Bill	18,779,348	840	20,022,900	856	21,905,900	838
Other funds:						
Federal sources	29,895	2	16,300	1	16,300	1
Non-Federal sources	427,111	20	472,800	21	472,800	21
Total, Other funds	457,006	22	489,100	22	489,100	22
Total, Office of the Inspector General	19,236,354	862	20,512,000	878	22,395,000	860
	<u>1973</u>		<u>1974</u>		<u>1975</u>	
	<u>Actual</u>		<u>Estimated</u>		<u>Estimated</u>	
End-of-Year Employment:						
Permanent full-time	843		850		845	
Other	16		15		15	
Total	<u>859</u>		<u>865</u>		<u>860</u>	

AUDIT AND INVESTIGATION

	Office of the Inspector General	Transfer from Food and Nutrition Service	Total
Appropriation Act, 1974	\$14,501,000	\$4,250,000	\$18,751,000
Budget Estimate, 1975 a/	16,821,000	5,081,000	21,902,000
Increase in Appropriation	<u>+2,320,000</u>	<u>+831,000</u>	<u>+3,151,000</u>
Adjustments in 1974:			
Appropriation Act, 1974	\$14,501,000	\$4,250,000	\$18,751,000
Transfer to General Services Administration for rental of space	-5,000	- -	-5,000
1974 supplemental appropriation for pay costs	+989,000	+284,000	+1,273,000
Adjusted base for 1975	15,485,000	4,534,000	20,019,000
Budget Estimate, 1975	16,821,000	5,081,000	21,902,000
Increase over adjusted 1974	<u>+1,336,000</u>	<u>+547,000</u>	<u>+1,883,000</u>

a/ The budget request for the Offices of Audit and Investigation is combined in the fiscal year 1975 budget with the request for all offices in Departmental Administration. These include the Office of the Secretary, Office of General Counsel, and the Office of Management Services.

SUMMARY OF INCREASES
(On basis of adjusted appropriation)

	1974	Increase	1975 Estimate
Audit	\$11,900,000	+\$1,000,000	\$12,900,000
Investigation	6,846,000	- -	6,846,000
GSA space rental costs	- -	+689,000	689,000
Annualization of the pay cost increase effective in FY 1974	1,273,000	+194,000	1,467,000
Total	<u>20,019,000</u>	<u>+1,883,000</u>	<u>21,902,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1973	1974 (estimated)	Increase	1973 (estimated)
1. Audit	\$11,548,661	\$12,638,000	+\$1,571,000(1)	\$14,209,000 <u>a/</u>
2. Investigation	6,708,113	7,381,000	+312,000(2)	7,693,000
Unobligated balance	493,875	--	--	--
Total available or estimate:	18,750,649	20,019,000	+1,883,000	21,902,000
Transfer to GSA	+18,351	+5,000		
Proposed supplemental for :				
pay increase costs	--	-1,273,000		
Total, appropriation	18,769,000	18,751,000		

Of this amount, \$425,000 will be transferred to the Office of Management and Finance for operational reviews.

EXPLANATION OF PROGRAM

AUDIT. The Office of Audit is responsible for internal audit of the Department's programs. Its function is to provide the Secretary with independent and objective reviews of the Department's programs and activities. It assures prompt and appropriate corrective action in those instances where there is a deviation from established policy, regulation or law. It also coordinates audit activities of the Department with other audit agencies of the executive and legislative branches of Government.

The Office makes essentially two types of audits:

- Cycle audits, which are performed on a recurring basis and cover all of the activities of a particular organizational entity; and
- Program audits, which cover parts or all of entire programs on a non-recurring basis.

Each year a schedule is prepared of the audits to be performed in the following year. The Office issued 2,946 audit reports in fiscal year 1973. An estimated 2,969 are to be issued in fiscal year 1974, and 3,504 in fiscal year 1975.

JUSTIFICATION OF DECREASES

INVESTIGATION. The Office of Investigation performs all investigative activities of the Department and provides personal security to the Secretary. The Office investigates all violations of criminal statutes relating to the Department except for the limited instances where another Federal agency (basically the FBI and Secret Service) has primary jurisdiction (and chooses to assert it). The Office also investigates program violations and noncriminal employee misconduct cases. Its investigation reports may support administrative actions by USDA, other Federal agencies, and State and local authorities. Legal actions that result are processed with the Justice Department and local law enforcement agencies through USDA's General Counsel. The Office coordinates its investigative activities and those of other investigative agencies of the executive and legislative branches of Government.

The workload of the Office of Investigation is difficult to estimate due to the responsive nature of the activities. Investigations are generated in several ways including:

- Complaints from the general public, some of which are referred to the Office by Members of Congress;
- Requests from the Secretary;
- Questions raised by audit reports; and
- Requests from Department agencies (e.g. food stamp investigations requested by the Food and Nutrition Service).

The Office investigated 3,871 cases in fiscal year 1973. An estimated 3,908 are to be investigated in fiscal year 1974, and 4,000 in fiscal year 1975.

(1) An increase of \$1,571,000 for audits, consisting of:

- (a) An increase of \$450,000 for GSA space rental costs;
- (b) An increase of \$121,000 for the annualization of pay cost increases effective in fiscal year 1974; and
- (c) An increase of \$1,000,000 for contracts and cooperative agreements with audit organizations.

Need for Increase: The increase consists of an increase of \$500,000 transfer from the appropriation "Food Stamp Program" and a \$500,000 increase in the Office of Audit appropriation. These contracts and cooperative agreements will stimulate State and local audit staffs to provide more audit coverage to programs which state Governments have the responsibility for administering.

The Food Stamp Program is expanding and audit activities must increase in order to provide service which is critical to the integrity of this sensitive program. The Agriculture and Consumer Protection Act of 1973 amended the Food Stamp Act to require each State to conduct by June 30, 1974, the Food Stamp Program in every political subdivision in the State, unless the State can demonstrate that for any political subdivision it is impossible or impractical. At the end of November 1973, 2,507 counties and independent cities out of the total of 3,129 political subdivisions, had full or partial coverage under the Food Stamp Program. By the end of June 1974 an additional 622 political subdivisions will be brought into the program. This does not include Puerto Rico with 36 provinces, which very likely will also come into the Food Stamp Program. These program increases will begin impact on the audit work in fiscal year 1975. With current Office of Audit resources, the audit backlog (i.e., Food Stamp Projects not audited in three years) by June 30, 1975, will be about 800 entities, and would increase at the rate of over 500 entities each year. A three-year cycle is considered the minimum risk that should be sustained in view of the volatile nature of the program and its susceptibility to fraud and other misuse of funds and Food Stamp coupons.

Increased audit coverage is also needed of the Child Nutrition Programs, Cooperative Federal-State Meat and Poultry Inspection Program, Extension Service, Animal and Plant Health Inspection Service and the Farmers Home Administration. All of these operations are expanding. The Animal and Plant Health Inspection Service is projecting increases in the number of plants subject to Meat and Poultry Inspection, and this will generate an increase in the audit workload. In the Farmers Home Administration, the additional funds would help to reduce the backlog by the end of FY 1975 and to eliminate all such backlog over the next three to four years.

Plan of Work: The \$1,000,000 will be used for contracts and cooperative agreements with State audit groups and/or private accounting firms for the performance of audits of State administered Departmental programs. For several years OIG, the Office of Management and Budget and the General Accounting Office have attempted to stimulate performance by non-Federal audit groups which will serve Federal needs. There have been some successes but the possibilities for real accomplishments are minimal because the various audit groups do not have the funds or manpower to perform the additional work. The increased funding would enable the Office to contract with the various audit groups that do not currently have the funds or the manpower to perform audits of USDA programs.

(2) An increase of \$312,000 for investigations, consisting of:

- (a) An increase of \$239,000 for GSA space rental costs; and
- (b) An increase of \$73,000 for the annualization of pay cost increases effective in fiscal year 1974.

STATUS OF PROGRAM

The Office of the Inspector General (OIG) is responsible for the internal audit and investigation activities of the Department of Agriculture and for providing personal security to the Secretary. OIG was established to assure the Secretary of a consolidated Departmental audit and investigative service which is totally independent and objective. The service includes searching review and examination of the Department's programs and activities, and appropriate reporting to responsible officials at various management levels. Emphasis is on improved accountability for the Department's resources; increased effectiveness in meeting program and administrative objectives; and complete integrity throughout the Department's programs and personnel.

Examples of OIG Audit and Investigation Work in Fiscal Year 1973

Some examples of the extent and nature of work performed by OIG in Fiscal Year 1973 follow. In each instance the responsible agency has either completed or is in the process of taking the necessary corrective action.

I. Agricultural Stabilization and Conservation Service (ASCS)

OIG made two nationwide program audits in this agency; 50 multi-state or state-wide special audits; 45 State Office Operation audits; 1,026 County Office audits; and 28 audits of Commodity Credit Corporation operations at ASCS Commodity Offices, Data Processing Centers, and Headquarters offices at Washington, D.C. Eighty-seven percent of the County Office audits were done as part of statewide or multi-state reviews. The following are highlights of some of these audits.

A. Commodity Loan and Purchase Program

The OIG audit disclosures in the 46 counties reviewed included: (1) Over 1.3 million in farm-stored loans should have been called and penalties assessed because the loan collateral (grain) had been removed from storage without authorization; (2) Errors in measurements of loan collateral (stored grain) and loan computations resulted in overpayments to farmers of more than \$132,000; (3) Loans with a value of over \$160,000 were made to farmers who did not own or produce the grain placed under loan or did not otherwise meet eligibility requirements; and (4) Controls over release of loan collateral prior to repayments--and over spot checking and reinspection of loan collateral--were not sufficient to assure uniform application of procedures.

B. Disaster Livestock Feed Program

Our special audits in three of the States declared disaster areas in June 1972, disclosed that: (1) Requests for emergency programs were often premature resulting in approvals for some counties where there was no significant shortage of local feed; and (2) Procedures permitted farmers in the disaster areas to purchase more grain at reduced rates than intended under the program.

C. Cotton Yield Determination

Review of procedures for determining actual cotton yield under the Upland Cotton Set-Aside Program disclosed many instances where cotton used as evidence to support yields was nonexistent or duplicated (the same cotton reported for more than one farm). As a result, producers on 164 farms received ineligible and/or questionable payments totaling almost \$500,000. These cases occurred because (1) producers were allowed to submit more than one type of production evidence; (2) County Offices did not sufficiently review evidence submitted; and (3) County Offices did not compare production evidence with records kept by ginners and cotton warehousemen.

II. Farmers Home Administration (FHA)

During the year, OIG reviewed the operations of 318 FHA county offices and conducted 15 FHA coordinated State office or special audits. Our audits, which emphasized the Rural Housing (RH) Program, disclosed major findings in the following areas: (1) RH loans to applicants who were ineligible because their family incomes were too high; (2) inadequate inspections of RH dwellings under construction; (3) defects in individual water and waste disposal systems serving dwellings financed with RH loans; and (4) improper interest credit. Other major audit findings included failure to graduate borrowers to other sources of credit and a need for improvement in management of borrowers supervised bank accounts. In addition, some FHA financed community program loan borrowers needed to improve their financial management reporting and record keeping.

III. Forest Service (FS)

The Forest Service uses about 1,200 aircraft (52 owned and the remainder rented) at an annual cost of over \$11 million. Nationwide audit of air operations showed need for: (1) Centralization of planning and control of aircraft operations for greater efficiency and economy; (2) Improvements in aircraft accident and near-accident investigations and making known to all personnel who are involved with FS flight operations the results and corrective actions; (3) Change in Working Capital Fund policies and procedures so that the WCF will accurately reflect the cost of FS aircraft operations; and (4) Improvement in current practices in connection with aircraft rentals (rental agreements, bid procedures, contract enforcement) to reduce rental costs.

IV. Food and Nutrition Service (FNS)

A. Special Food Service Program for Children

During 1972 summer operations of this program, over 1,000 sponsoring organizations served free meals to about two million needy children. Our audits of 22 of the biggest sponsors disclosed that many meals served were ineligible for federal reimbursement because: (1) The food was not eaten at the site; (2) Adults ate the meals; (3) Too many meals were delivered; (4) Sites were not approved; and (5) food spoiled. Poor sponsor management caused most of these problems. Disallowance from sponsor claims amounted to several million dollars.

B. Food Stamp Program

Audits continued to surface problems in the Food Stamp Program. Contributing factors have been insufficient and inadequately trained staff at the State and local project levels, inadequate facilities to safeguard cash and coupons or to service clientele, and ineffective management practices. Examples:

(1) Certification

(a) Participants fraudulently obtained food stamps through collusion with welfare workers or by reporting their income and resources incorrectly. Some counties contributed to this problem by mailing applications for redetermination of Food Stamp eligibility to participants with instructions to complete the applications and return them, and then not verifying the returns.

(b) In a large metropolitan area, 192 of 230 households tested (83%) were improperly certified. This was primarily because household size, income, and shelter costs were misstated. Thus, some families got too many--and some too few--food stamps.

(2) Control of Cash and Coupons

Nationwide program audit of cash and coupon controls at the Federal, State and local food stamp project levels, covering 177 food stamp project offices in 22 States, disclosed serious problems continue to exist in the accountability controls for cash and coupons. For example:

(a) Due to rapid expansion of the food stamp program, computer problems and insufficient staffing, backlogs of several years existed at FNS Headquarters in reconciling cash and coupon transactions amounting to millions of dollars.

(b) In many instances, internal controls at the State and project levels did not provide (1) physical safeguards over cash and coupons to reduce the risk of burglaries and robberies; and (2) safeguards and accounting for issuance authorization documents to minimize and detect theft and fraudulent use.

(c) Duties of State and project staff did not always provide for an appropriate division of responsibilities to help deter and detect embezzlements, malpractices and accounting errors.

(d) Cash from sales of coupons were not deposited to U.S. Treasury account in a few instances and in many instances were not timely deposited.

C. Child Nutrition Programs - Baltimore, Maryland

Our audit disclosed that the Baltimore City School System received more than half a million dollars in undue payments from FNS during September 1971 through April 1973. Poor control over the number of free and reduced price lunches actually served resulted in overclaims for about 50,000 lunches each month. No allowance was made for pupil absenteeism, which was as high as 28%. As a result, FNS has asked for reviews of 14 other large cities to check their controls in these programs.

V. Animal and Plant Health Inspection Service (APHIS)

Meat and Poultry Inspection (MPIP)

In an audit covering 88 Federally inspected plants selected at random on a statistical basis, with supervisory APHIS personnel accompanying auditors during plant visits, we found that MPIP had been generally effective. But many problems had persisted over the past six years. One major problem is the adverse effect on inspectors of frequent criticism from both the industry and the public. We found that 38 of the 88 plants visited were below the acceptable sanitation level.

VI. Agricultural Research Service (ARS)

Audit of the Beltsville Agricultural Research Center Operations showed need for: (1) A comprehensive plan for the development and improvement of the Beltsville Agricultural Research Center. Long-range plans for lands, facilities and utilities had not been adequately detailed. (2) Improvement in the management of real property. Weaknesses were noted in the accountability, utilization, leasing, and maintenance of the property. (3) Improvements in center security. Major reliance is placed on a guard force which, due in part to limited capability and training, has not been effective in preventing incidents of theft, vandalism and trespass.

VII. Departmental Administration (DA)

An OIG audit disclosed insufficient attention to physical security at USDA computer facilities. Most facilities were found to be highly vulnerable to acts of vandalism, natural disaster, and other dangers.

VIII. Investigations

OIG investigates all violations of criminal statutes relating to this Department except for the limited instances where another Federal agency (basically the FBI and Secret Service) has primary jurisdiction (and choses to assert it). OIG also investigates program violations and non-criminal employee misconduct cases.

OIG investigation reports may support legal action (criminal or civil), as well as administrative action by USDA, other Federal Agencies, and State and local authorities. Federal legal action is handled by the Department of Justice based on referrals by USDA's Office of the General Counsel.

Requests for investigations from USDA agencies continued in an upward trend from 3,200 requests in FY 1972 to 3,900 in FY 1973. The number of investigation reports issued increased from about 3,700 in FY 1972 to about 3,900 in FY 1973.

We investigated irregularities in a wide variety of USDA programs. Some examples follow:

A. Tobacco Marketing Quota

Bumper tobacco crops left many farmers with excess tobacco after selling their allotted quotas. Schemes were devised to market the excess tobacco without paying the required penalties. Numerous violations of this nature were uncovered in North Carolina and Kentucky where our investigations resulted in 85 indictments and assessment of over \$35,000 in fines.

B. Food Stamp Program

This program continues to expand. To keep pace with the expansion, we increased our investigations from about 2,200 in FY 1972 to 2,500 in FY 1973. Our primary emphasis in FY 1973 was on retail store violations, resulting in 1,900 retailer investigations. The remaining 600 food stamp investigations concerned burglary, robbery, larceny, embezzlement and fraud. A total of 276 indictments were returned as a result of food stamp investigations.

C. Meat and Poultry Inspection and Grading

Indepth investigations of the meat industry are ongoing in Los Angeles and New York City.

These investigations are coordinated efforts involving the Department of Justice, several U.S. Attorneys, the FBI, and OIG. Additionally, we are supervising and participating with other elements of the Department in task force operations directed against the improper introduction of horsemeat and "4-D" (diseased, disabled, dying, and dead) cattle into human consumption channels.

D. Rural Housing

Many of our investigations in this area involved false statements from borrowers to qualify for loans and false statements from contractors about completion of construction or payment for materials. We also investigated allegations of faulty construction, unsanitary water supplies, malfunctioning sewerage systems, and conflict of interest.

E. Other

Forest Service, REA, FCIC, and other agencies within the Department were provided investigative services in areas involving fraud, theft, employee misconduct, and motor vehicle accidents. We also made Civil Rights investigations to determine whether any Department employees or program participants were treated unfairly.

The following is a geographic breakdown of obligations and man-years for the Office of the Inspector General for FY 1974:

<u>State</u>	<u>Obligations</u>	<u>Man-Years</u>
California	\$2,595,000	109
District of Columbia	3,218,000	132
Georgia	3,517,000	149
Illinois	2,386,000	100
Maryland	3,526,000	156
Missouri	2,245,000	100
Texas	2,532,000	110
Total	<u>20,019,000</u>	<u>856</u>

OFFICE OF THE GENERAL COUNSEL

Purpose Statement

The Office of the General Counsel, prior to 1955 known as the Office of the Solicitor, was established in 1910 (70 Stat. 742) as the law office of the Department of Agriculture.

The Office provides all essential and necessary legal advice and services for the Department's ongoing programs, taking **into** consideration not only immediate needs but future requirements as well.

Geographic Location. The work of this office is carried out in Washington D. C., and at seventeen field offices at the following locations:

Atlanta, Georgia
Chicago, Illinois
Milwaukee, Wisconsin
St. Paul, Minnesota
Denver, Colorado
Shawnee Mission, Kansas
Portland, Oregon
Juneau, Alaska
Ogden, Utah
San Francisco, California
Missoula, Montana
Little Rock, Arkansas
Stillwater, Oklahoma
Albuquerque, New Mexico
Harrisburg, Pennsylvania
Temple, Texas and
Santruce, Puerto Rico

Available Funds and Man-Years
1973 and Estimated, 1974 and 1975

Item	Actual		Estimated		Budget Estimate	
	1973		Available, 1974		1975	
	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years
Office of the General Counsel	\$6,779,000	371	\$7,238,000	368	\$7,839,000	358
Obligations under other USDA						
appropriations:						
Salaries and Expenses, Agricultural						
Stabilization and Conservation						
Service - legal services on the						
conservation reserve program	18,718	2	32,000	2	32,000	2
Agricultural Credit Insurance Fund,						
Farmers Home Administration - legal						
services on the emergency credit						
loan program	58,590	4	60,000	4	60,000	4
Total, Other USDA appropriations	77,308	6	92,000	6	92,000	6
Total, Agricultural Appropriation						
Bill	6,856,308	377	7,330,000	374	7,931,000	364
Other funds:						
Federal sources	230,837	10	260,000	10	260,000	10
Total, Office of the General Counsel ...	7,087,145	387	7,590,000	384	8,191,000	374

End-of-Year Employment:	1973	1974	1975
	<u>Actual</u>	<u>Estimated</u>	<u>Estimated</u>
Permanent full-time	333	360	350
Other	8	10	10
Total	<u>341</u>	<u>370</u>	<u>360</u>

OFFICE OF THE GENERAL COUNSEL

Appropriation Act, 1974	\$6,666,000
Budget Estimate, 1975 a/	7,839,000
Increase in Appropriation	<u>1,173,000</u>

Adjustments in 1974:

Appropriation Act, 1974	\$6,666,000	
1974 Supplemental Appropriation for pay costs	+572,000	
Adjusted base for 1975		7,238,000
Budget Estimate, 1975		7,839,000
Increase over adjusted 1974		<u>+601,000</u>

a/ The budget request for the Office of the General Counsel is combined in the fiscal year 1975 budget with the request for all offices in departmental administration. These include the Office of the Secretary, Office of Audit and Office of Investigation (formally the Office of the Inspector General), and the Office of Management Services.

SUMMARY OF INCREASES
(On basis of adjusted appropriation)

	1974	Increases	1975 Estimate
Legal services	\$6,666,000	- -	\$6,666,000
GSA space rental costs	- -	+\$520,000	520,000
Annualization of the pay cost increase effective in FY 1974 ...	572,000	+81,000	653,000
Total available	<u>7,238,000</u>	<u>+601,000</u>	<u>7,839,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1973	1974 (estimated)	Increase	1975 (estimated)
1. Legal services	\$6,678,879	\$7,238,000	+\$601,000 (1)	\$7,839,000
Unobligated balance	100,121	- -	- -	- -
Total available or estimate	6,779,000	7,238,000	+601,000	7,839,000

EXPLANATION OF PROGRAM

The General Counsel, as chief law officer of the Department, is responsible for providing legal services for all programs, operations, and activities of the Department. He is assisted by a Deputy General Counsel and three Assistant General Counsels, each of whom is responsible for a portion of the legal work of the Department. The functions of this office are carried out in the Washington office and in 17 field offices.

The field offices handle legal work relating to the activities in the field of the Agricultural Stabilization and Conservation Service, Commodity Credit Corporation, Farmers Home Administration, Federal Crop Insurance Corporation, Forest Service, and Soil Conservation Service, and the Agricultural Stabilization and Conservation Committees. By special assignment of the General Counsel, Deputy General Counsel, or by an Assistant General Counsel, legal work relating to other programs and activities of the Department may be handled by a field office.

Legal Advice - The Office of the General Counsel issues both formal and informal opinions on legal questions arising in the administration of the Department's programs; prepares or reviews administrative rules and regulations applicable to the public; drafts proposed legislation, prepares or interprets contracts, mortgages, leases, deeds, and similar documents; prosecutes patent applications arising out of inventions by Department employees; examines title to lands to be acquired by the Department or accepted as security for loans; and considers and determines claims by and against the United States arising out of the Department's activities.

Administrative Proceedings - In administrative proceedings for the promulgation of rules having the force and effect of law and in quasi-judicial hearings held in connection with the administration of various programs, the Department is represented by the General Counsel.

Civil Litigation - Civil litigation arising out of the Department's work is handled by the Department of Justice, with the Office of the General Counsel assisting in the preparation and trial of such cases, except that the General Counsel represents the Secretary in administrative proceedings involving freight rates on farm commodities and in appeals from the decisions of the Commission to the courts and, by special assignment, the Assistant General Counsel for Litigation represents the Department in certain classes of cases before the United States Courts of Appeals.

Criminal Litigation - Cases having criminal aspects are reviewed for the purpose of referring them to the Department of Justice.

JUSTIFICATION OF INCREASES

- (1) An increase of \$601,000 for legal services consisting of:
 - (a) An increase for GSA space rental costs of \$520,000.
 - (b) An increase for the annualization of pay cost increases effective in FY 1974 of \$81,000.

STATUS OF PROGRAM

The Office of the General Counsel is responsible for providing legal services for all activities of the Department.

These services include the giving of opinions on legal questions arising in the administration of the Department's activities; the preparation or review of rules and regulations applicable to the public; the drafting of proposed legislation; the preparation and interpretation of contracts, mortgages, leases, deeds, and other documents; the prosecution of patent applications arising out of the inventions by the Department's employees; the examination of the title to lands to be acquired by the Department or accepted as security for loans; the consideration and determination of claims by and against the United States arising out of the Department's activities; the representation of the Department in formal administrative proceedings; the referral of cases to the Department of Justice; assisting that Department in the preparation and trial of cases involving the activities of the Department of Agriculture; and representing the Secretary of Agriculture before the Interstate Commerce Commission in proceedings involving freight rates on farm commodities and in appeals from the Commission to the courts.

COMMODITY AND PRODUCTION STABILIZATION

Commodity Credit Corporation Programs and Operations. A wide variety of legal services were required in fiscal year 1973 in connection with the activities of the Corporation. These activities include commodity loans, purchases, payments, sales, storage programs and commodity export programs. The Office of the General Counsel assisted in drafting regulations, forms and contracts. It prepared many memoranda on various legal questions relating to program operations. The Office also reviewed many investigation and audit reports and referred a large number of these to the Department of Justice for civil and criminal action. Attorneys in the Office of the General Counsel assisted the Department of Justice in the preparation of pleadings and in the handling of pretrial proceedings as well as at the trials of many cases in which the interests of the Corporation were involved. The number of legal matters under Commodity Credit Corporation programs acted upon declined slightly during the last fiscal year to approximately 6,076 from the some 7,500 handled during fiscal year 1974.

Commodity Credit Corporation Litigation (Transportation Warehousing, and Producer Loan Cases)

	<u>FY 1971</u>	<u>FY 1972</u>	<u>FY 1973</u>
Commodity Credit Corporation Cases:			
Number of cases referred to Department of Justice	381	269	205
Total dollar value of referred cases (millions)	\$4.3	\$1.8	\$2.9
Number of cases pending in court or Department of Justice, end of year	567	485	407
Total dollar value of pending cases (millions)	\$42.8	\$42.6	\$43.1
Total collections from litigation (millions)	\$5.8	\$9.1	\$4.1

The total number of cases in all categories of Commodity Credit Corporation litigation referred to the Department of Justice during fiscal year 1973 was slightly lower than during the previous fiscal year. However, the dollar value of referred cases increased substantially during the last fiscal year due largely to an increase in producer loan claims. The peak collections of \$9.1 million in fiscal year 1972

is accounted for by some \$6.7 million collected from a partial settlement of some of the issues in the Intra Bank litigation. Intra Bank was a Lebanese banking institution which failed about six years ago defaulting on letters of credit in favor of Commodity Credit Corporation.

Transportation Cases. As in the past, the single largest category of Commodity Credit Corporation litigation involved claims against ocean and real carriers. The total dollar value of pending claims in this group during fiscal year 1973 was 6.5 million dollars, about the same as it was at the end of fiscal year 1972.

Food Assistance Programs. The continued expansion and improved benefits with respect to the food assistance programs have resulted in the referral to the Office of large numbers of violations cases. At the same time, increased program activities have added to the number of and complexity of legal questions presented for consideration.

Food Stamp Program. The Food Stamp Program has continued to grow in recent years as illustrated by the following table:

<u>End of FY</u>	<u>No. of Projects</u>	<u>Participants</u>	<u>Total Coupons</u>
1969	1,489	3.2 million	\$603 million
1970	1,747	6.5 million	\$1.1 billion
1971	2,026	10.5 million	\$2.7 billion
1972	2,126	11.7 million	\$3.3 billion
1973	2,227	12.2 million	\$3.9 billion
1974 (est.)	2,725	13.1 million	\$5.3 billion

As a result of this expansion, the volume of legal assistance required in connection with the Food Stamp Program continues to increase. The number of legal matters completed under the Food Stamp Program was 2,495 in fiscal year 1971. It increased to about 3,100 in fiscal year 1972 and climbed to 4,061 in fiscal year 1973.

The Office of the Inspector General conducted about 2,400 investigations of Food Stamp violations cases in fiscal year 1973. Almost half of these cases were referred to the Office of the General Counsel for legal review. Litigation activities involving Food Stamp violations cases remained at about the same high level as in the last two fiscal years. The following table, shows the disposition of Food Stamp violations cases by this office during the last three fiscal years:

	<u>FY 1971</u>	<u>FY 1972</u>	<u>FY 1973</u>
Referred to U.S. Attorneys	648	721	681
Closed without referral (insufficient evidence)	226	235	2264
Totals	874	956	945

Child Nutrition Programs. The total funds for the Child Nutrition Program--school lunch, school breakfast, special milk and special food service programs for children have been increasing in recent fiscal years--from about \$620 million in fiscal year 1969 to approximately \$1.4 billion in fiscal year 1973. As the Child Nutrition Programs have expanded there has been a concomitant demand on the Office of the General Counsel for more legal services in this area of program activities.

Litigation under the Food Assistance Programs. Near the end of fiscal year 1973, a number of suits were instituted seeking injunctive relief which would require the Secretary to spend certain funds allocated to the Child Nutrition Programs which remained unspent at the end of fiscal year 1973. This litigation is still pending and the Department of Justice has frequently sought the assistance of

attorneys from this office in the defense of these actions. During the last fiscal year the Department's administration of the food assistance programs was again challenged in the courts. One case challenging the nutritional adequacy of the diet which may be purchased by families participating in the Food Stamp Program was reinstated by the Court of Appeals of the District of Columbia Circuit following dismissal of the suit by the District Court. It is again pending in that court and will require additional time to be spent by attorneys of the office on this litigation.

Transportation Services. During the fiscal year 1973, the Office represented the Secretary, the Commodity Credit Corporation, and the agricultural community in 16 proceedings before the Interstate Commerce Commission. The litigation involved rates, charges and practices relating to agricultural commodities and farm supplies. The Office also participated in the appeal of an adverse decision of the Interstate Commerce Commission to the Supreme Court. In addition, the Office furnished written and oral legal advice on a wide variety of problems and reviewed and assisted in drafting numerous reports to Congress regarding proposed transportation legislation.

Miscellaneous Services. Legal services were also furnished in connection with the Defense Production Act and the U.S. Warehouse Act.

International Trade. Legal assistance was given in connection with the interpretation and implementation of various import control statutes. The Office provided assistance in the drafting of a proclamation of other legal documents for publication under the Meat Import Act.

Proclamations were drafted and legal assistance was given in hearings before the Tariff Commission in connection with five actions taken under section 22 of the Agricultural Adjustment Act of 1933 to relax import quotas on dairy products. Legal assistance was also provided in connection with two cases filed to enjoin the implementation of emergency action taken by the President under section 22. The Office assisted in drafting amendments to the regulations governing issuance of licenses to importers of dairy products subject to section 22 import restrictions and handled legal questions arising under such regulations regarding eligibility for licenses. Legal memoranda were prepared on questions arising under the GATT, under standstill agreements with the Common Market, and under other trade agreements affecting agricultural commodities.

Public Law 480. Legal assistance was provided in the drafting of agreements with foreign governments under Public Law 480, in the drafting and interpretation of regulations providing for financing by CCC of commodities exported under such agreements and related ocean freight, and with respect to legal problems arising in the day-to-day operations of the program. The Office also assisted the Department of Justice in the handling of litigation arising under the program.

Export Payment Programs. Legal assistance was given in the amendment and interpretation of regulations governing the Wheat and Rice Export Payment Programs, in the handling of claims involving substantial amounts arising under these programs and with respect to the administration of the International Wheat Agreement.

Market Development and Technical Assistance Abroad. Attorneys of the Office reviewed and assisted in the drafting of agreements with cooperators providing for market development activities abroad for agricultural commodities. Legal services were furnished in drafting and reviewing agreements relating to market development research by the Economic Research Service and for the design and construction of trade fair exhibits and in the handling of disputes arising under market development agreements. The Office also assisted in drafting of agreements providing for the services of this Department in carrying out technical assistance activities abroad.

Payment Programs. Legal services were rendered in connection with the special programs authorized by the Agricultural Act of 1970 and the Food and Agriculture Act of 1965, as amended. Assistance was provided in reviewing and drafting amendments to the regulations governing the payment programs for wheat, upland

cotton, and feed grains as authorized by the Agricultural Act of 1970. Included in this work was legal assistance in drafting amendments to the regulations governing the application of the payment limitation and interpreting the regulations in connection with numerous cases presented to the Department.

The Office assisted the Department of Justice in the handling of an important case of environmental law affecting the Department's commodity payment and loan programs. In the case of Kings County Economic Community Development Association, et al. v. Butz, et al., the plaintiffs sought to enjoin the defendants from making agricultural program payments and loans to producers who contribute to water pollution through the use of pesticides and fertilizers. The District Court ruled in favor of the United States and dismissed the action. The Court of Appeals affirmed the judgment of the District Court.

Legal services were furnished in connection with the formulation and review of amendments to program regulations governing the Processor Wheat Marketing Certificate Program, and the Extra Long Staple Cotton Program.

The Office participated in numerous producer appeals arising under the program, giving legal advice as required and assisting in the drafting of proposed determinations. Over 348 appeals were handled at the Washington level during fiscal year 1973, with producers and their counsels making personal appearances at 79 hearings. The Office also rendered legal assistance in the collection of payments due from what processors under the certificate program. Cases involving the payment programs and the wheat processor certificate program referred to the Department of Justice for litigation are reflected in the following table:

Pending in the Department of Justice	
at the end of FY 1972	137
Referred during FY 1973	97
Closed during FY 1973	114

The dollar value of the cases referred during fiscal year 1973 was in excess of \$1,216,092.33. The actual amount of recoveries totaled in excess of \$601,765.59.

Farm Acreage Allotments and Marketing Quota Programs. During fiscal year 1973 this Office assisted in preparing amendments to and revisions of acreage allotment, marketing quota, and related regulations; and referred to the Department of Justice and United States Attorneys for possible legal action a considerable volume of cases, criminal and civil, involving the marketing quota programs. We also made litigation reports and assisted in the preparation for trial of numerous cases in which farmers sought judicial review of administrative determinations involving their farm marketing quotas. During the 1973 fiscal year, the government recovered from 902 claims for marketing quota penalties, through off-set voluntary payment, and litigation, the amount of \$533,361.09.

Sugar Act. The Office assisted in the preparation of annual determinations and regulations issued under the Sugar Act to regulate quotas, marketing allotments, proportionate shares, wages, and prices. We also assisted in the handling of administrative appeals as well as in the preparation for trial or appeal of several cases in litigation.

Crop Insurance. The Office assisted in the preparation of eight amendments to the Federal Crop Insurance Regulations, including a complete revision of the canning and freezing pea endorsement and a new endorsement to provide an insurance program for burley tobacco based on the poundage quota program of ASCS. Also included among the amendments was a provision which allows the payment of an indemnity not otherwise payable under the contract in certain cases where the insured has relied in good faith on a misrepresentation or other erroneous action of a representative of the Federal Crop Insurance Corporation. This allows the insure to obtain relief where equity calls for such relief.

MARKETING AND CONSUMER SERVICES

Marketing Agreements and Orders. During fiscal year 1973, 16 amendment hearings were held with respect to milk orders and 40 amendatory actions were taken. Twenty-one suspension orders were issued. All existing milk orders were affected by such amendments or suspension orders. There were 61 milk marketing orders in effect as of July 1, 1973; many of these orders now being far larger and more complex than their predecessor orders because of recent consolidations.

Two amendatory hearings were conducted and amendment action taken with respect to two fruit and vegetable marketing orders (one of these hearings lasted 5 weeks). A total of 48 such marketing orders and one marketing agreement (peanuts) were in effect at the close of the year. In addition, there are import regulations covering 11 commodities.

The volume of litigation under marketing orders continued at a high level during fiscal year 1973. Seventy-eight court actions were instituted and 4 formal administrative proceedings were initiated by handlers, leaving 125 and 15 such matters, respectively, pending at the end of the fiscal year.

During fiscal year 1972, hearings were held in connection with milk promotion plans for 10 marketing orders. Only one such proceeding was completed in fiscal year 1972, the remainder being carried over into fiscal year 1973. Hearings to amend three milk marketing orders to include Class I base plan provisions were held in fiscal year 1972. In two of these, the proceedings carried over and were completed in 1973. It is expected that there will be substantial activity to amend other marketing orders in these respects in the near future.

Cotton Research and Promotion Act. Fiscal year 1973 was the sixth season of the operation under the Cotton Research and Promotion Order. Although the collection record was good, it nevertheless was necessary to institute enforcement actions in various district courts of the United States to compel compliance with the order. There were 10 such actions pending at the beginning of fiscal year 1973, and no new such actions were instituted. Further, in 1973, a substantial amount of time and research were expended in analyzing and reviewing the operations of Cotton, Inc., and the terms of its contract with the Cotton Board.

Agricultural Fair Practices Act, 7 U.S.C. 2301 et seq. During fiscal year 1973, a number of complaints were received of alleged violations of this Act, which complaints have been processed or are in the course of being processed. However, no new cases were referred to the Department of Justice during fiscal year 1973. One case was pending, awaiting trial, at the end of fiscal year 1973.

Egg Products Inspection Act. This Act became effective as to egg products July 1, 1972. Approximately 10,000 shell egg handlers will be subject to regulation under the Act beginning with fiscal year 1973. Under the egg products provisions of the Act, one court case was instituted in fiscal 1973 and one case was still pending at the end of the fiscal year.

Potato Research and Promotion Act. This Act became effective January 11, 1971, and an implementing order and regulations pursuant thereto were formulated and issued in September 1972. No cases were initiated in 1973, but considerable discussion was had and opinions rendered on matters pertaining to the administration of the program.

Virus-Serum-Toxin Act. During fiscal year 1973, 2 criminal actions were instituted and one such action was pending at the end of the fiscal year. In addition, there was considerable activity with respect to a number of investigations of a criminal nature which may result in further criminal prosecutions in fiscal year 1974. There was also considerable activity in the area of drafting proposed amendments to the Act and to the regulations.

Perishable Agricultural Commodities Act. In fiscal year 1973, 363 reparation cases were instituted. Action was taken which resulted in disposing of 408 cases, leaving 100 pending on June 30, 1973. Seven disciplinary proceedings were pending at the beginning of the fiscal year. Thirty five new proceedings were instituted during the year and 18 were disposed of. In addition to orders disposing of cases, 58 additional orders were issued. These consisted of 16 stay orders, 17 orders in connection with petitions for reconsideration, 8 orders for the payment of undisputed amounts, and 17 miscellaneous orders. The volume of legal work under this Act, of which the handling of reparation and disciplinary cases is only a part, continued at a high level.

In addition to the reparation and disciplinary proceedings within the Department, 17 actions were instituted in the district courts of the United States in fiscal year 1973, 16 of which are presently pending.

Other Regulatory Statutes and Activities. During the fiscal year, 157 criminal and civil cases under the statutes listed below were referred to the Department of Justice.

<u>Statute</u>	<u>Number of Cases Referred</u>	
	<u>Criminal</u>	<u>Civil</u>
Animal and Plant Quarantine laws	101	--
Federal Seed Act	--	29
Agricultural Marketing Act of 1946	5	--
Grain Standards Act	3	--
Twenty-eight Hour Law	--	17*
United States Warehouse Act	1	--
Subtotal	110	47
Total	157	

*These cases involved 466 reports of violations of the Act.

Approximately 229 documents for amendments of regulations and standards under these Acts were reviewed during the year. Extensive legal services were required in connection with two court cases under the Twenty-eight Hour Law involving a total of 360 alleged violations by one railroad company. The cases involved highly complex circumstances resulting from reorganization of the railroad under Chapter XI of the Bankruptcy Act. A tentative agreement has been reached in one of the cases involving 394 violations under which a total penalty of \$45,300 would be assessed. Negotiations looking toward settlement of the other cases are underway.

Considerable legal services were also required in connection with litigation challenging the Department's regulations restricting imports of birds with complicated questions regarding indemnities under the cooperative Federal-State program for the eradication of Exotic Newcastle disease, and with proposals to amend, and amendments of, the regulations regarding the importation and interstate movement of birds to prevent the introduction and dissemination of the disease.

Also, 6 administrative cases were instituted during the year alleging violations of the standards for accreditation of veterinarians under the Animal Quarantine laws and regulations.

Horse Protection and Animal Welfare Acts. During fiscal year 1973, extensive legal services were required in connection with civil and criminal proceedings under these Acts, as well as written and oral requests for views and opinions from both the administrative officials and U.S. Attorneys concerning the Act and various legal questions arising thereunder. Numerous reports of violations were reviewed with appropriate action taken. During the year, 73 investigative reports were referred to the Department of Justice and 3 administrative proceedings were initiated under these Acts.

Packers and Stockyards Act. In fiscal year 1973, 121 disciplinary and 30 reparation proceedings were instituted. At the end of the year, 80 disciplinary cases were on hand for institution or other action and 33 reparation cases. In fiscal year 1973, 42 criminal and 56 civil enforcement cases were submitted to the Department of Justice, and at the end of the year 19 such cases were pending in the Office.

Commodity Exchange Act. During fiscal year 1973, 24 formal administrative proceedings were instituted as compared with 17 such proceedings instituted during fiscal year 1972; extensive legal services were rendered in connection with a total of 37 administrative disciplinary proceedings which were handled or under consideration during fiscal year 1973. Also, 16 criminal cases were referred to the Department of Justice during the fiscal year. Legal services were also required in connection with 18 other important court cases.

Meat and Poultry Products Inspection Acts. During fiscal year 1973, there was a continuing need for extensive legal services under these Acts. Approximately 52 documents were reviewed or drafted by the Division in connection with amendments or proposed amendments of numerous sections of the regulations and standards, including notices of designation of several States for the application of Federal requirements to intrastate activities. About 20 legal memoranda were written on a variety of legal questions involved in such documents or otherwise presented by the administrative officials.

Considerable legal work was done in reviewing legislative bills relating to meat or poultry inspection and reviewing or drafting legislative reports thereon.

A very substantial amount of legal work was required in connection with seventeen civil court cases instituted or pending during the year in various Federal or State courts, which involved the meat or poultry inspection programs and in which officials of this Department or of cooperating States were defendants.

During the fiscal year, 30 criminal cases and 5 civil seizure cases were referred to the Department of Justice (including U.S. attorneys) for institution of court actions, and 94 criminal and 24 civil cases were pending in the Department of Justice on June 30, 1973. Thirty-two additional reports of investigation were reviewed and concurrence given to disposition by warning letter. A request for an injunction action was referred to the Justice Department in one case involving a meat processor in Kentucky who was operating without Federal inspection.

During the fiscal year 1973, the Office represented the Secretary, the Commodity Credit Corporation, and the agricultural community in 17 proceedings before the Interstate Commerce Commission and in one case before the Supreme Court of the United States. The litigation involved rates, charges and practices relating to the transportation of agricultural commodities and farm supplies.

COMMUNITY DEVELOPMENT AND NATURAL RESOURCES

Farmers Home Administration - Expanded Programs. The volume of FHA direct and insured loans and grants increased from \$2,785 million in fiscal year 1972 to \$3,749 million in fiscal year 1973. The greater volume resulted from increased appropriations and authorizations by the Congress and increased insured loan apportionments by the Office of Management and Budget for programs authorized by the Consolidated Farmers Home Administration Act of 1961, and Title V of the Housing Act of 1949. In addition to the quantitative increase in legal work recently, enacted and proposed legislation created a substantial increase in the amount of legal work in 1973, which is anticipated to continue in fiscal year 1974. Such nonroutine types of legal work which is necessary to implement new and expanded program authorizations involving statutory interpretations and assisting with drafting and legal approval of FHA regulations, is particularly time-consuming. An example of recent legislation on which considerable time was devoted during fiscal year 1973, and which will require additional work in 1974, is the Rural

Development Act of 1972. The Rural Development Act substantially increases Farmers Home authority and permits the agency to make, insure and guarantee business and industry loans and a wider range of community facility loans. This Act also emphasized the Congressional preference for guaranteed-type loans. The change in emphasis has resulted in extensive new FHA regulations being prepared with the assistance of this Division. So have the changes made to the emergency loan program both through the enactment of new legislation and the promulgation of revised regulations to implement these changes.

For the fourth year since the beginning of the insured loan program in 1946, FHA marketed blocks of FHA insured obligations through a group of underwriters. During fiscal year 1973, 5 block sales were held involving a total of \$2.3 billion of insured obligations. This compares with the initial block sale of \$350 million in fiscal year 1970 and with 4 block sales involving \$1.3 billion in fiscal year 1972. Each block sale requires legal counsel on such matters as preparing and revising the insurance contract, prospectus, bidding documents, purchase agreement, bailment agreement, and fiscal year agreement between FHA and the Federal Reserve Bank of New York, obtaining opinions of the U.S. Attorney General, U.S. Comptroller of the Currency, and the Securities and Exchange Commission, and preparing legal opinions, memoranda, and certifications necessary for the closing.

Rural Electrification & Telephone Programs - Loans and Security. Conversion of the REA direct loan programs to insured loans and guarantee programs under 1973 amendments of the Rural Electrification Act has required considerable legal assistance to REA. Revised forms of loan and security instruments were developed and more will be required as the new authorities are more fully implemented. Many new legal problems involving interpretation of the Act amendments are being encountered. Supplemental (non-REA) financing continues with the new programs, necessitating REA lien security accommodation to a variety of proposals and review and drafting by the Office of a large number of complex security instruments intended to secure both REA and non-REA financing. Advice and assistance continue to be provided in connection with implementation of the Rural Telephone Bank Act, providing a supplemental source of financing for REA telephone borrowers.

Power Supply. To protect REA loan security interests and help achieve program objectives, REA continued to require substantial legal assistance in drafting and analyzing complex power supply and power pooling arrangements between REA-financed power supply cooperatives and other electric suppliers. Proposals for joint financing of generating plants involving both proposed REA and private financing were studied and developed. Pursuant to its compliance with Congressional recommendations to make so-called "power surveys" and carry on direct negotiations with power suppliers prior to making loans for electric generation and transmission facilities, REA has continued to require increasing legal assistance in such direct negotiations with power suppliers, in the analysis of power supply proposals and in the review of power survey dockets and certifications.

National Environmental Policy Act. The Office advised REA in matters under the National Environmental Policy Act of 1969. Continuing assistance will be required, particularly for REA bulk power supply loans for which the agency is required to prepare and publish in the Federal Register statements of environmental impact.

Forestry and Other Land Programs.

Administration of the National Forests, National Grasslands, and other lands under the jurisdiction of the Department of Agriculture. The Washington and field offices continued giving legal assistance to the Forest Service in the preparation and review of regulations and administrative appeal statements and decisions; the preparation and interpretation of timber sale contracts, special use permits, and grazing permits; the review of instructions for the Forest Service Manual; the acquisition of lands and interests therein; the interpretation of private rights in minerals on national forest lands; water rights on national forest and other lands; and matters in litigation. Legal assistance was also given during the year to the Agricultural Research Service on some of its programs, particularly land acquisitions and land uses.

Regulations. Legal assistance was given in preparing Secretary's regulations for the protection and administration of National Forest System lands and in reviewing the Forest Service Manual instructions. Regulations were issued to implement the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, to implement the Wild, Free-Roaming Horses and Burros Act, and to require more complete utilization of timber sold from the national forests. Proposed regulations were prepared setting standards for the use, subdivision and development of private property and for the use of Federal lands in the Sawtooth National Recreation Area.

Administrative Appeals. The number of decisions of Forest Service Officers appealed for review by Regional Foresters, the Chief, Forest Service, or the Board of Forest Appeals and the Secretary continued to be substantial. These appeals involve timber sales, grazing privileges, land use permits and proposed land exchanges. A number of appeals involved Forest Service decisions regarding the appropriate combination of uses for particular areas of the national forests as required by the Multiple Use-Sustained Yield Act of 1960 (16 U.S.C. 528-531). Attorneys continued to act as counsel for the Forest Service in hearings of the Board of Forest Appeals.

Litigation. Legal assistance continued to be given on a variety of actions and claims, including unauthorized removal of timber, minerals, and other forest resources, unauthorized occupancy and use, cost of fire suppression and injury by fire and by other means of forest resources, breach of timber sale contracts, commission of petty offenses on the national forests, and water rights adjudications. A large number of cases continued to be referred to the Department of Justice by attorneys of this Office, who drafted pleadings and briefs and assisted in the preparation for the trial of cases. The litigation workload has been consistently heavy and a substantial number of lawsuits have involved conservation interested organizations and individuals disputing Forest Service land management decisions on timber sales, recreation and industrial developments, wilderness preservation and the multiple use of lands and resources. In a case or particular interest, Izaak Walton League v. George W. St. Clair, et al. (Civil No. 5-69-70, U.S.D.C., D. Minn.; appeal pending), the court held, among other things, that the Wilderness Act has zoned the Government-owned surface of the Boundary Waters Canoe Area so as to prohibit the exploration and development of privately owned subsurface mineral resources.

Land Acquisition Programs. The acquisition of land and related interests remain at the high level of last year. There were 456 purchase cases closed representing a total of 125,978 acres for a consideration of \$18,138,208. Scenic easements closed 16, containing 432 acres, value of \$172,334; donations 9, containing 6,036 acres, value of \$806,729; and administrative sites 7, containing 551 acres, value of \$101,700. Exchange cases closed numbered 150 with a total of 81,124 acres coming into Government ownership with a value of \$19,279,969. The number of rights-of-way for access to national forest land acquired last year was 1,112. Titles to all land and interests in land acquired are now approved by the Office of the General Counsel under a delegation of authority from the Attorney General.

Environmental Protection Program. The Office provided substantial legal services in regard to numerous matters arising under various Federal laws related to protection of the environment. The Department intervened in administrative hearings before the Environmental Protection Agency instituted pursuant to the provisions of the Federal Insecticide, Fungicide and Rodenticide Act, as amended (7 U.S.C. 135, et seq.), to determine whether the registrations of several chemicals subject to the Act should be cancelled or amended. These cases involved, inter alia, products containing Mirex, aldrin and dieldrin, 2,4,5-T Trichlorophenoxyacetic Acid, calcium cyanide, strychnine, sodium monofluoroacetate (1080), and sodium cyanide. The foregoing participation required extensive legal services with respect to pre-trial preparation, including, but not limited to, drafting and filing pre-trial motions, responses, briefs and reply briefs; conducting witness interviews and preparing witness testimony; and participating in various pre-hearing conferences. It is anticipated that the hearings in these cases will extend over a protracted period of time.

Soil Conservation Service Programs.

Soil and Water Conservation District Programs. Legal assistance was given in the review of new memorandums of understanding with soil and water conservation districts, and in the interpretation and application of State and Federal laws in carrying out the Soil Conservation Service program of assistance to the more than 3,000 soil and water conservation districts in the United States. Assistance was also given in response to a large number of requests for aid in drafting legislation amending State soil and water conservation districts enabling laws to broaden the purposes and powers of districts, including participation in seminars relating to use by States of model amendments relating to sediment control.

Watershed Protection and Flood Prevention Programs. In the planning phase of watershed projects about 35 watershed work plans were reviewed for legal sufficiency. In the installation of works of improvement, the usual high number of referrals were handled arising out of the administration of contracts, adequacy of land rights, and title review and approval of land rights acquired for fish and wildlife and recreational development. A substantial amount of legal work with respect to these programs was required to resolve problems arising in connection with the National Environmental Policy Act of 1969, the Uniform Relocation Assistance and Real Property Acquisition Policy Act of 1970, and environmental legislation proposals such as water pollution control amendments. Legal advice was given in the preparation of regulations for carrying out and administering the programs.

Great Plains Conservation Program. Legal assistance was required in connection with problems arising out of contracts between the Secretary and producers, including interpretation of the provisions of such contracts, questions as to the control by the producers of affected lands, determination as to whether particular lands are covered by the Great Plains Act, and the extent of the plan of operations for the farm or ranch as required by the Act. Other work included disposition of claims against producers for refunds or adjustments arising out of contract violations. The Office worked closely with SCS in a review and report to GAO on the GP program since its inception in 1956.

Resource Conservation and Development Program. Legal work included the interpretation and application of State laws in connection with the eligibility and legal powers of sponsors of RC&D projects, contract administration problems and interpretations of applicable Federal laws to determine the authority of the Secretary to plan and carry out such projects. Assistance was also given in the review of field instructional material involving statutory interpretations, and in connection with matters growing out of the requirements of the National Environmental Policy Act. Assistance was furnished in the drafting of a new RC&D handbook.

Water Resource Responsibility of the Secretary. Legal advice was furnished representatives of the Secretary at meetings of the Water Resources Council and in connection with the problems of and the various task forces set up by the Council. Continued assistance was given in a task group considering and working out a Federal position on a proposed California-Nevada Interstate Compact for the Lake Tahoe basin and the Carson, Truckee, and Walker Rivers. Continued legal assistance was furnished in connection with water right adjudications affecting this Department. Assistance was furnished in connection with a review of the new Principles and Standards for use by the agencies in carrying out water resource projects.

LEGISLATION, RESEARCH AND OPERATIONS

Legislation. During the last half of fiscal year 1973, a Legislative Division was created in the Office of the General Counsel. This Division provides legislative and legal services for the entire Department through coordination of congressional requests for Departmental witnesses, designation of such witnesses, and review and clearance of testimony. In addition, the Division functions as a focal point for

legal review of all Departmental legislative reports on bills pending before the Congress and on proposals of other executive agencies, and assists in the preparation of the Department's legislative program. The Office of the General Counsel prepares and assists in the preparation of drafts of legislative proposals on request for Members of Congress, congressional committees, and agencies within the Department. For example, the Office assisted in the preparation of drafts of provisions of the Agriculture and Consumer Protection Act of 1973, and major amendments to the Rural Electrification Act of 1936, as amended. The Legislative Division coordinates this drafting assistance. In addition the Division performs other legislative services when the General Counsel's Office is involved or has an interest.

Contracts and Agreements. Legal advice and assistance was given in regard to the preparation and execution of approximately 350 documents. Such documents included contracts for the procurement of research, construction, service, and other miscellaneous needs of the Department. Also included were cooperative agreements, memoranda of understanding, memoranda of agreement, grants, leases, and permits for the use of property. Advice was also given in regard to the commercial licensing of the name and symbol "Smokey Bear" under 18 U.S.C. 711 and with regard to violations of this Act. Similar advice was also given concerning the name and symbol "Woodsey Owl". A considerable amount of time was spent in reviewing modifications of this Department's procurement regulations, grant and agreement regulations, and standard contract forms. Determinations were made in 34 cases involving alleged errors in bid. These bids ranged from minor amounts to over \$500,000.

Throughout the year this Office furnished counsel in connection with a number of appeals to the Department's Board of Contract Appeals. This work involved the preparation of an answer to the allegations of the contractor, a supporting brief, and where a hearing was necessary, an oral presentation of the Government's case.

Departmental Administration. Numerous questions were answered relating to application of Federal personnel laws and regulations. All OIG investigation reports involving personnel irregularities were reviewed and, where the facts indicated a violation of a criminal statute, referred to the Department of Justice for consideration of criminal action. The employing agency was advised with respect to appropriate action to be taken in employee irregularity cases. Legal advice was given in connection with the suspension and adverse action appeals of employees, and attorneys orally represented the Department at several hearings.

Considerable time was spent in connection with problems arising under the Federal Advisory Committee Act, extension and research aspects under Title V of the Rural Development Act of 1972, and delegations of authority to Departmental agencies.

Numerous legal problems arising from the payment of indemnities under the animal disease eradication programs were resolved, particularly in connection with the outbreaks of Hog Cholera and Exotic Newcastle disease. Work was done in connection with agreements with Mexico and Central American countries in the cooperative control of communicable animal diseases.

Legal assistance was provided in connection with Title VI of the Civil Rights Act of 1964, other legislation such as the Equal Employment Opportunity Act of 1972, and other civil rights matters. Considerable time was spent in consultation with officials of the Department advising on this developing area of law and written advice was given on specific problems. Departmental and agency communications with civil rights aspects were reviewed and approved. All OIG investigations and audits involving civil rights were also reviewed by this Office. Attorneys act as agency counsel in administrative proceedings under Title VI, and all pleadings are prepared in the Office. Assistance is rendered to the Department of Justice in the event of litigation. Three cases involving Alabama, Mississippi, and North Carolina Cooperative Extension Services were in litigation this fiscal year. Additional cases in litigation having "Civil Rights" implications involved the Department's personnel policy, administration of grant programs, and enforcement of Executive Order 11246.

Farmer Cooperatives. Legal services for Farmer Cooperative Service included advice on such matters as antitrust, mergers and consolidations, changes in articles of incorporation and bylaws, marketing contracts, and tax questions of interest to cooperatives and their patrons. Legal assistance was furnished in analyzing a variety of bills pending in Congress to amend certain basic Federal statutory provisions relating to farmer cooperatives and agricultural producers.

Patents. During the year, 177 cases were submitted. Four hundred ninety-two cases, including those filed in prior years were prosecuted through various stages in the Patent Office; 149 new cases were filed; 112 cases terminated as patents; and 32 cases terminated by abandonment. Sixteen finally-rejected cases were appealed to the Board of Appeals. Of appeals filed in previous years, 9 were terminated during the year favorable to the Government. Four interferences from previous years were terminated favorable to the Government and two new ones were declared and are the only interferences pending. One new trademark application was filed and one registration was granted.

Torts and Other Claims. Numerous claims filed under the Federal Tort Claims Act and other statutes were determined, settled and adjudicated by the Office. During the year, 427 new claims were received under the Federal Tort Claims Act by the Washington Office, and 164 claims were received by the field Offices. The handling of these claims included a review of the facts, the research, analysis, and application of State laws and court decisions; and a determination as to liability and damages. Many of the claims involved extensive negotiations with the claimants or their attorneys. A large number of claims were pending from prior years. Approximately three-fourths of the claims filed were allowed in some amount. In several cases, because the allowance was over \$25,000 approval of the Department of Justice was required. The amounts allowed ranged from a few dollars to \$40,000 in the case of a large property damage claim (fire trespass) involving complex legal and factual questions.

Sixty-three suits were filed with respect to disallowed claims. In addition to the new cases filed during the year, there were over 100 suits pending involving this Department. The total amount of damages sought in these suits amounted to several million dollars.

In addition to the claims under the Tort Claims Act, recommendations as to payment were written to the Forest Service by the Office in a large number of claims under 16 U.S.C. 502(d) and 16 U.S.C. 574, for injury or damage to private property arising from FS activities.

The Office also gave oral and written legal advice to the agencies as to termination of or compromise of claims under the Federal Claims Collection Act. A number of claims were referred to the Department of Justice for enforced collection where collection could not be effected through administrative efforts.

The Office also made determinations in claims by employees under the Military Personnel and Civilian Employees' Claims Act for the loss, destruction, or injury to an employee's private property used in official duty and losses due to transportation or storage where attempts to recover from the shipper or warehouseman were not successful.

The following is a geographic breakdown of obligations and man-years:

<u>Location</u>	<u>1974 Estimated</u>	
	<u>Obligations</u>	<u>Man-Years</u>
Alaska	\$46,000	2
Arkansas	249,000	13
California	297,000	16
Colorado	276,000	15
District of Columbia	4,223,000	205
Georgia	368,000	20
Illinois	291,000	16
Kansas	255,000	14
Minnesota	195,000	11
Montana	46,000	2
New Mexico	68,000	4
Oklahoma	109,000	6
Oregon	232,000	13
Pennsylvania	156,000	8
Texas	229,000	13
Utah	74,000	4
Wisconsin	123,000	7
Puerto Rico	93,000	5
Total	<u>7,330,000</u>	<u>374</u>

OFFICE OF MANAGEMENT SERVICES

Purpose Statement

This activity provides consolidated and centralized management support services to several agencies and offices of the Department for greater economy and effectiveness in the rendering of management service and advice through improved utilization of manpower and management techniques, increased specialization of professional skills, and more extensive use of timesaving equipment.

The consolidated management support functions include budget and finance, personnel and related programs, administrative services, and general management assistance. These functions are financed by a direct appropriation, except for any agency activity which is performed for others on a reimbursable or advance payment basis. The activity is reimbursed for management support of these agency activities.

Services are provided for the following agencies and offices:

Cooperative State Research Service	Office of the Secretary:
Farmer Cooperative Service	Office of the Secretary
Economic Research Service	Office of Budget and Finance
Statistical Reporting Service	Office of Plant and Operations
Commodity Exchange Authority	Office of Information Systems
Office of the Inspector General	Office of Personnel
Packers and Stockyards Administration	Office of Administrative Law
Office of the General Counsel	Judges
Rural Development Service	Office of the Judicial Officer
National Agricultural Library	Office of Equal Opportunity
	Office of Communication
	Office of Management Services

The functions of this activity are carried out entirely in Washington, D.C.

Pursuant to Secretary's Memorandum No. 1836 approved January 9, 1974, all services formerly provided CSRS, CEA, OIG, P&SA, OGC, RDS, NAL and the Office of the Secretary are being transferred to the respective agencies or to an agency designated to supply these support services. A new agency, the Economics Management Support Center will provide management support services to the Economic Research Service, Statistical Reporting Service, Farmer Cooperative Service and the Economics Management Support Center.

Available Funds and Man-Years
1973 and Estimated, 1974 and 1975

Item	Actual		Estimated		Budget Estimate	
	1973		Available, 1974		1975	
	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years
Office of Management Services	\$4,147,000	263	\$3,712,300	227	\$4,037,300	227
Obligations under other USDA						
appropriations:						
Special economic studies						
performed by the Economic						
Research Service for other						
agencies on a reimbursable						
basis.....	41,931	3	21,300	1	17,200	1
Special crop and livestock						
studies and data proces-						
sing services performed by						
the Statistical Reporting						
Service for other agencies						
on a reimbursable basis...	91,258	6	72,900	4	58,300	3
Working Capital Fund:						
Centralized supply, dupli-						
cating, data processing						
and other services carried						
out by agencies serviced						
by OMS.....	848,594	55	1,381,900	73	1,807,600	67
Miscellaneous reimbursable						
services.....	88,135	6	98,600	6	98,800	6
Total, Other USDA Appro-						
priations.....	1,069,918	70	1,574,700	84	1,981,900	77
Total, Agricultural Appro-						
priation Bill.....	5,216,918	333	5,287,000	311	6,019,200	304
Other Federal Funds.....	184,400	12	189,300	12	215,100	12
Total, Office of Management						
Services.....	5,401,318	345	5,476,300	323	6,234,300	316

	1973	1974	1975
End-of-Year Employment:	Actual	Estimated	Estimated
Permanent full-time	344	306	299
Other	10	10	10
Total	354	316	309

OFFICE OF MANAGEMENT SERVICES

Appropriation Act, 1974.....	\$4,147,000
Budget Estimate, 1975.....	<u>4,037,300</u>
Decrease in Appropriation.....	<u>-109,700</u>

Adjustments in 1974:

Appropriation Act, 1974.....	\$4,147,000
Activities transferred to other USDA agencies a/.....	-742,700
1974 Supplemental Appropriation for pay costs.....	<u>+308,000</u>
Adjusted base for 1975.....	3,712,300
Budget estimate, 1975 b/.....	<u>4,037,300</u>
Increase over adjusted 1974.....	<u>+325,000</u>

a/ On June 22, 1973 and June 28, 1973, information and messenger functions were transferred to the agencies which OMS serviced. An actual transfer of funds of \$742,700 was made in 1974.

b/ The budget request for the Office of Management Services is proposed to be combined in the fiscal year 1975 budget with the request for all offices in Departmental Administration. These include the Office of the Secretary, Office of Audit and Office of Investigation (formerly Office of the Inspector General), and the Office of the General Counsel.

SUMMARY OF INCREASES
(On basis of adjusted appropriation)

	<u>1974</u>	<u>Increase</u>	<u>1975</u> <u>Estimate</u>
Management support activities.....	\$3,404,300	- -	\$3,404,300
GSA space rental costs.....	- -	+\$268,000	268,000
Annualization of the pay cost increase effective in FY 1974.....	308,000	+57,000	365,000
Total available.....	<u>3,712,300</u>	<u>+325,000</u>	<u>4,037,300</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	: 1973	: 1974 :(estimated):	: Increase	: 1975 :(estimated)
1. Management support activities:	\$4,080,266	\$3,712,300	+\$325,000	\$4,037,300
Unobligated balance.....	66,734	- -	- -	- -
Total available or estimate.....	<u>4,147,000</u>	<u>3,712,300</u>	<u>+325,000(1)</u>	<u>4,037,300</u>
Transfer to other USDA agencies..	- -	+742,700	:	:
Proposed supplemental for pay	:	:	:	:
increase costs.....	- -	-308,000	:	:
Total, appropriation.....	<u>4,147,000</u>	<u>4,147,000</u>	:	:

EXPLANATION OF PROGRAM

Management support services are provided on a consolidated and centralized basis to several agencies and offices of the Department. These functions include budget and finance, personnel and related programs, administrative services, and general management assistance.

Agencies and offices served present a widely varied pattern of programs, professional skills, organizations, and geographical locations. Programs cover a broad range of activities. These include physical and biological science research, economic research, gathering and reporting of statistics, investigation and evaluation, auditing, library maintenance, commodity futures markets surveillance, and assistance to farmers' cooperatives and to general Departmental management. Professional skills include: physical and biological scientists, statisticians, lawyers, economists, hearing examiners, accountants, demographers, pathologists, home economists, socialists, veterinarians, mathematicians, and management analysts. Organizational and geographical diversity is indicated by the services provided both to the Departmental policy staff offices in Washington and to various field staffs at approximately 170 locations.

The following is an indication of the total number of agency man-years for which management support services are provided:

	<u>FY 1973 Actual</u>	<u>FY 1974 Est.</u>	<u>FY 1975 Est.</u>
Agency Man-Years	6,139	6,667	7,019

JUSTIFICATION OF INCREASES

Adjustments in 1975 Request:

Budget Estimate, 1975	4,037,300
Pursuant to Secretary's Memorandum No. 1836 approved January 9, 1974, all functions, delegations, and responsibilities relating to accounting, budget preparation, review and analysis, administrative, and personnel services formerly provided by the Office of Management Services for the staff offices comprising Departmental Administration are transferred to the Office of the Secretary. Additional funds are being transferred for these activities in FY 1975 to other USDA agencies. Distribution of funds transferred is as follows:	
-- Departmental administration	-550,000
-- Agricultural Marketing Service	-107,000
-- Rural Electrification Administration	-19,000
-- Agricultural Research Service	<u>-163,000</u>

Adjusted Budget Estimate, 1975	<u><u>3,198,300</u></u>
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(1) The increase of \$325,000 consists of the following:

GSA space rental costs.....	+\$268,000
Annualization of pay cost increases	
effective in fiscal year 1974.....	+57,000
Total.....	<u><u>+325,000</u></u>

Pursuant to Secretary's Memorandum No. 1836, approved January 9, 1974, all management services formerly provided to the Cooperative State Research Service, Commodity Exchange Authority, Packers and Stockyards Administration, Rural Development Service, Office of Investigation, Office of Audit, Office of General Counsel, National Agricultural Library, and the Office of the Secretary are being transferred to the respective agencies or to an agency designated to supply these support services. The following table reflects current plans for the use of the funds requested in fiscal year 1975.

<u>Agency Served</u>	<u>Agency Providing the Service</u>	<u>Amount Required</u>
CSRS NAL	ARS	\$163,000
CEA P&SA	AMS	107,000
RDS	REA	19,000
OI OA OGC OS	Office of the Secretary	550,000
SRS ERS FCS	Economics Management Support Center	2,249,000
Fiscal support for all of the above agencies	Economics Management Support Center	949,000

STATUS OF PROGRAM

Management Support Services

Consolidated management support services are provided to twenty agencies and offices of the Department. These support functions include administrative services, budget and finance, personnel and related programs, and general management assistance.

Selected Examples of Recent Progress:

In its major functional areas, the Office provides the necessary support to the agencies served as represented by the following:

Administrative Reviews--On-site administrative reviews were conducted at institutions receiving funds administered by the Cooperative State Research Service. It is anticipated that future reviews at each concerned institution will be on a schedule basis.

Records Management--In fiscal year 1973, a Functional Assistance Review Program was established to review the entire records management systems of selected agencies. Reviews conducted for Farmer Cooperative Service and Office of Equal Opportunity resulted in the development of comprehensive total paperwork systems for both agencies.

Consultative Services in Word Processing and Microfilm-- The Office developed a capability to provide management analysis in application of technology to Records Management. Based on its recommendation, two agencies established Word Processing Centers (Office of the General Counsel and Office of Equal Opportunity) and two established microfilming centers (Cooperative State Research Services and Office of the Inspector General).

Automation Applications - A computer program was developed at a cost of \$5,000 to meet changed frequency for reports of postal volume and obligations from once every three years to semi-annually. Automation represents annual savings of \$13,000.

Reorganization and Space Realignment--Accomplishments requiring unusual support services and extra effort in space planning, tenant alterations, telecommunications and related personal property and procurement management, including physical moves were concluded for client reorganizations as follows:

- (a) The Office of the General Counsel - Washington Office reorganized and consolidated. Field operations realigned in accordance with Federal Regional concepts.
- (b) The Economic Research Service - Consolidated and re-defined functions required a physical move involving 450 people located in two buildings.
- (c) Federal Regional Councils - Establishment of ten regional offices for the Office of Intergovernmental Affairs resulted in the acquisition of offices and related services.

Utilization of Personal Property - Savings for agencies served by OMS resulted in these areas: (a) Excess Property - Excess personal property in lieu of new purchases which included furniture, carpeting, test equipment, visual aid equipment, magnetic tapes, etc. was obtained from other Federal agencies. This resulted in a cost savings of \$83,000 in FY 1973 for agencies and offices served by OMS and (b) Rehabilitation of Furniture - Personal Property Management has a continuing program to rehabilitate furniture in lieu of new purchases. Cost savings for our client agencies of \$19,500 was realized for FY 1973.

Personnel Division--The "generalist" approach adopted under our Personnel Division reorganization in FY 1972 has been fully implemented. In classification, wider use of standard job descriptions for entry level positions is being accomplished and will be further utilized where feasible. Additionally, job descriptions are being written more concisely, thus resulting in a reduction in paper work.

Program Development and Evaluation--Personnel management and organizational appraisal studies of various organizations OMS-serviced agencies have been completed which resulted in recommendations for improvement and providing other personnel management advisory services. Various procedural and policy issuances have been developed and other issuances have been identified for revision or development.

Personnel Assistance--On-site personnel and labor management advisory services for organizational elements in other geographical locations have increased considerably as planned. More on-site visits to continue these services are planned for the future. Considerable resources (man-hours) were devoted to provide personnel management assistance to implement several major reorganizations of OMS-serviced agencies. These involved reorganization of major boundaries, realignment of functions, and transfer of functions from other agencies to OMS-serviced agencies. Assistance was also provided in the area of labor-management relations because of the impact of the reorganizations on labor organization coverage.

